DELIVERY AND QUALITY OF PUBLIC SERVICES FURNISHED BY THE SOCIAL SECURITY ADMINISTRATION

HEARINGS

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

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DELIVERY AND QUALITY OF PUBLIC SERVICES FURNISHED BY THE SOCIAL SECURITY ADMINISTRATION

WEDNESDAY, APRIL 3, 1985

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:13 a.m., in room B-318, Rayburn House Office Building, Hon. James R. Jones (chairman of the subcommittee) presiding.

[Press releases announcing the hearings and background material follow:]

[For immediate release, Thursday, Mar. 21, 1985]

THE HONORABLE JAMES R. JONES (D., OKLA.), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES PLANS FOR A SERIES OF PUBLIC HEARINGS ON THE DELIVERY AND QUALITY OF PUBLIC SERVICES FURNISHED BY THE SOCIAL SECURITY ADMINISTRATION, AND A SERIES OF PUBLIC HEARINGS ON ISSUES RELATED TO RETIREMENT INCOME SECURITY POLICY

The Honorable James R. Jones (D., Okla.), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives, announced today that the Subcommittee will undertake a broad series of hearings during the 99th Congress. These hearings will focus on two general lines of inquiry. First, the quality of service provided in the current Social Security Administration structure, including staffing and field office issues, the proposal to make the Social Security Administration an independent agency, the issue of removing social security from the unified budget, and other issues; and second, the whole area of retirement income security, encompassing both social security and private pension issues. Hearings in the latter category focusing on private pensions will be held jointly with the Subcommittee on Oversight, as part of the ongoing study requested of the two Subcommittees by Chairman Rostenkowski (see Committee on Ways and Means Press Release No. 4).

The first in the series of hearings on the delivery and quality of service furnished by SSA will be held on Tuesday, April 2, 1985,[1] at 10:30 a.m. in room B-318 Rayburn House Office Building, on the subjects of proposed SSA staffing reductions and office closings. The Subcommittee will receive testimony from the Administration, the General Accounting Office, Members of Congress and interested public witnesses.

BACKGROUND

Hearing on quality of service and SSA staffing reductions

Several issues relating to the quality of service provided to beneficiaries by the Social Security Administration will be addressed at the hearing on April 2. First, the President's FY 86 Budget contains a proposal to reduce the staff of the Social

[1] Later changed to Apr. 3, 1985.

Security Administration by about 17,000 over the next five years; at the same time, SSA has announced a service delivery assessment project to study current field office structure and placement, and the possibility of closing a number of field offices and streamlining personnel in others. These plans have caused considerable concern in the Congress and elsewhere, as to how SSA can accomplish a major staff reduction without significant deterioration of public service and major disruption of SSA personnel which could affect the quality of service. The Subcommittee will use this hearing to hear in detail from the Administration exactly what its plans are concerning field office reductions, and how the plans for service delivery assessment were developed. Testimony will also be received from the General Accounting Office, which was asked by Chairman Jones to investigate the field office and staffing issues, and from interested Members of Congress and the public who may wish to express their concerns about these plans.

Future hearings on retirement income security

Over the next several months, the Subcommittee will conduct a series of hearings on the general issue of retirement income security, some of which will be in conjunction with the Subcommittee on Oversight as part of the Committee's study of retirement income security and private pensions, as requested by Chairman Rostenkowski. The Subcommittee expects to investigate a wide range of issues, covering such topics as the current structure of retirement income security and the future development of private pensions and savings plans; the current structure of the social security family benefit system and whether that system will require adjustment over the next two decades to accommodate changes in work and family patterns; and the future financing needs of the social security system as the "baby boom" generation approaches retirement in the next century, focusing in particular on the question of whether the social security system will be in existence when today's 20 to 40 years old age group begins to retire, among other topics.

Future announcements will be made concerning specific timing of these hearings, but the Subcommittee expects to begin in April with a hearing on the issue of the social security family benefit structure and the proposals for earnings sharing. This hearing will address the recent report to the Committee from the Social Security Administration on the feasibility and costs of various proposals to split earnings credits between husbands and wives, and the implications of such proposals for the current provisions for benefits for dependent spouses, children and survivors (widows, widowers and children), and for the administration of the social security benefits programs.

Details for submission of requests to be heard. Individuals and organizations interested in presenting oral testimony before the Subcommittee must submit their requests to be heard by telephone to Harriett Lawler [(202) 225-3627] no later than Wednesday, March 27, 1985, to be followed by a formal written request to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. Notification to those scheduled to appear will be made by telephone as soon as possible after the filing deadline.

It is urged that persons and organizations having a common position make every effort to designate one spokesman to represent them in order for the Subcommittee to hear as many points of view as possible. Time for oral presentations will be strictly limited with the understanding that a more detailed statement may be included in the printed record of the hearing. This process will afford more time for members to question witnesses. In addition, witnesses may be grouped as panelists with strict time limitations for each panelist.

In order to assure the most productive use of the limited amount of time available to question hearing witnesses, all witnesses scheduled to appear before the Subcommittee are required to submit 100 copies of their prepared statements to the Committee office, room 1102 Longworth House Office Building, at least 24 hours in advance of their scheduled appearances. Failure to comply with this requirement may result in the witness being denied the opportunity to testify in person.

Requests to be heard, prepared statements to be presented in person, and statements filed for the printed record of the hearing, must contain the following information:

1. The name, full address, and capacity in which the witness will appear, as well as a telephone number where the witness or a designated representative may be reached;

2. A list of any clients or persons, or any organization for whom the witness appears; and

3. A topical outline or summary of comments and recommendations.

Written statements in lieu of personal appearance. Persons submitting written statements for the printed record of the hearing should submit at least six (6) copies by the close of business, Tuesday, April 16, 1985, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. (See other requirements enumerated above.) If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and the interested public, they may provide 100 additional copies for this purpose to the Committee office before the hearing begins.

[For immediate release, Thursday, Apr. 4, 1985]

THE HONORABLE JAMES R. JONES (D., OKLA.), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A FIELD HEARING ON THE DELIVERY AND QUALITY OF PUBLIC SERVICES FURNISHED BY THE SOCIAL SECURITY ADMINISTRATION TO BE HELD ON APRIL 11, 1985, IN TULSA, OK

The Honorable James R. Jones (D., Okla.), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives, announced today that the Subcommittee will hold a field hearing on Thursday, April 11, 1985, in Tulsa, Oklahoma, to take testimony from invited witnesses, including social security beneficiaries, various public organizations, local officials and representatives of the Social Security Administration on issues related to the delivery and quality of services furnished to the public by the Social Security Administration. The hearing will be held in the Aaronson Auditorium, Tulsa Central Library, 400 Civic Center, Fourth and Denver Streets, beginning at 9:30 a.m.

The Administration's proposal to reduce the staff of the Social Security Administration by about 17,000 over the next five years, as well as the possibility that a large number of field offices might be closed, has caused considerable concern in Congress and elsewhere. A major concern is whether such a reduction in staff or accessibility to field offices would result in a significant deterioration in public service. Since this is an issue of vital interest to beneficiaries, the public generally and Members of Congress, the Subcommittee expects to take extensive testimony from all segments of the community.

Written comments in lieu of personal appearance: For those who wish to file a written statement for the printed record of the hearing, six copies are required and may be submitted by the close of business Friday, April 26, 1985, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Room 1102 Longworth House Office Building, Washington, D.C. 20515.

BACKGROUND INFORMATION ON SSA STAFF REDUCTIONS AND OFFICE CLOSINGS

PRESIDENT'S BUDGET PROPOSALS FOR SSA STAFFING REDUCTIONS

The President's Budget assumes a reduction of 1,913 full-time equivalent staff in FY 1985, and 1,689 FTE staff in FY 1986. These reductions would bring SSA staff down by 3,602 over a two-year period, from an FY 1984 level of 79,951 to 76,349 in 1986. This reduction would be in addition to a reduction already made in the last two years of 2,532, from 82,483 in FY 1982 to 79,951 in FY 1984.

Further reductions totalling 17,000 FTE's are scheduled to be made in FY 1987-1990, bringing SSA employment down to a total of 62,945.

In addition, SSA will propose, through the A-76 notice and proposal process, contracting out various functions such as annual wage reporting, and other ADP processes, in order to save an additional 2,400 slots.

These reductions are primarily in field office personnel—that is, district and branch offices, contact stations and teleservice centers—which is where the vast majority of SSA staffing is located. However, staff, policy and research positions are also slated for substantial cuts over this period. About 8,000 out of 80,000 jobs are considered staff positions, in headquarters, regional offices and program service centers. These are policy formulation, research, statistical and data collection, public information, regulation development, etc. positions.

SSA'S SERVICE DELIVERY REVIEW: CLOSING/DOWNGRADING DISTRICT OFFICES

On January 28, SSA issued a draft memorandum to all SSA Regional Commissioners containing a "proposed service delivery review methodology", which contains possible criteria for closing and consolidating SSA district offices and the smaller branch offices and contact stations, as well as telephone service offices (teleservice centers).

The memo contains criteria for reviewing SSA offices, based on examining smaller offices first as candidates for closure, and then examining offices in metropolitan areas that are relatively near each other:

(1) "DO's/BO's (district offices/branch offices) with a staff of 10 or less should be consolidated, closed or converted. . . ." If the staff size is 11–16, the office would be reviewed for conversion, consolidation or closing, as would offices of 16–25 located within 25 miles of another full-service facility.

(2) In metropolitan areas, the criteria for claimant travel to the nearest office should not exceed ½ to 1 hour. Rural area criteria for travel time were not specified.

(3) Consideration of technological innovations such as "bank teller" type machines in shopping centers, recorded message machines in field facilities, etc. is urged.

A memorandum prepared by the House Aging Committee based on information from SSA employees is attached, showing a list of 770 of the 1,340 SSA local offices which could be closed or downgraded under this size and location criteria listed in the Commissioner's Service Delivery Memorandum.

The President's Budget assumes no office closings explicity, and SSA budget officials state that no reductions in force will be needed to eliminate 17,000 jobs (19,000 if the contracted out positions are included) over the next five years.

PRELIMINARY ANALYSIS

The budget plan does not give any particular source for the first two years's savings of 3,602, and SSA budget staff appear to simply assume that last year's reduction rate can just continue through attrition. It should be noted that the Appropriations Committee's dollar level for SSA in the FY 1985 budget reflected their judgement that SSA needed to employ about 2400 more people than they ended the fiscal year with, through reductions all across the agency (table B attached). *No* staffing cuts have been either mandated or assumed by Congress in appropriations for the agency.

The plan for the following years attributes savings to several areas which do not appear at this point to be real savings areas. These activities appear unlikely to produce the kind of immediate, large staff savings projected:

There is no substantial reduction in actual application and claimant workloads, merely some streamlining of procedures to deal with what are fairly minor parts of that workload—SSA redeterminations, information sharing with State agencies, billing consolidation in the overpayment collection process.

One source, expansion of claims automated processing system, seems unlikely to produce substantial staff reductions before 1988 at the earliest, since a new claims modernization process is now being tested, and will not be in place for several years. This new process may result in some reductions in the future, but there is probably not much prospect for substantial staff savings yet.

Reduction in staff/support resource levels presumably means further cut-backs in policy support staffs which have already been greatly reduced over the last four years. SSA's research and statistical/data collection capacity has been greatly diminished by such reductions since 1981.

While the Administration will not say publicly that it is considering closing district offices, the original Grace Commission plan, which is where the target number of 17,000 jobs came from, called for closing about two-thirds of all SSA field offices as the primary way of achieving the staffing reductions.

The official plan for staff savings in years after 1986 attributes most savings to the systems modernization plan, which it is safe to assume will result in major staffing reductions. However, the numbers attributed to it now are pretty much "plug" numbers, since the plan is still on the drawing board for the whole SSI program, and for much of the Title II claims process. The original systems modernization plans, and all versions of it through this November, never assumed any specific number for staffing reductions.

The attached internal SSA memorandum of December outlining the budget plan to OMB is based on several assumptions that may be erroneous, including

(1) the assumption that there will be no major new legislation or Administration initiatives to increase SSA's workloads;

(2) that OMB will provide sufficient dollar resources for the agency to both pay for outside contractors to do its work, and to retrain agency personnel to do jobs that open up because of attrition;

(3) that the systems modernization plan will proceed without any further delays.

Subcommittee staff has ascertained, from several sources, that the 19,000 reduction figure was originally part of OMB's budget mark to SSA, and that SSA has simply been attempting to develop a plausible cover plan that could conceivably result in such a reduction in staff. The December memorandum makes this sequence fairly clear.

AREAS FOR INQUIRY

Ongoing service delivery assessment has been tied to a budget mark from OMB for reductions in staff—SSA appears to have no qualitative criteria for levels of public service, and the current examination is clearly being driven by staffing reduction needs, rather than objective examination of needed streamlining of outmoded office procedures and establishments.

There is no clear evidence that real dollar savings will result from much of the reduction, since contracting out, retraining costs, and relocation for employees will increase dollar costs substantially.

The numbers in the plan are all very soft—there is no clear evidence that these reductions can be achieved at all through systems modernization, which means more pressure on outright closing of field offices.

One of the chief sources of SSA's systems problems over the last 10 years has been the inability to bring in from the outside more highly trained and sophisticated systems personnel, and the resulting degradation of the quality of ADP systems design personnel on the job. This problem could become endemic to the agency as a whole, if reduction in staffing results in the agency as a whole, if reduction in staffing results in relocating personnel unsuited and ill-trained for district office work into district offices. This plan does not address such qualitative problems.

Summary of Social Security Facilities

Regional Summary

Type of Office:	*Number of Offices*
Class I District Offices	23
Class II District Offices	37
Branch Offices	74
Resident Stations	19
Area Directors' Offices	8
Contact Stations	446
Teleservice Centers	3
Employees in the region	4,550

OKLAHOMA SUMMARY

Office	Type of office	Congressional District [1]	Number of employees [2]	Number of contact stations
Ardmore	Class II DO	3	23	3
Ada	Branch	3	16	1
Duncan	Resident station	4	5	2
Enid	Class II DO	6	21	2
Ponca City	Resident station	5	5	
Woodward	Resident station	6	1	
Stillwater	Branch	3	12	4
Lawton	Class II DO	4	22	2
Altus	Resident station	4	4	1
Clinton	Branch	6	12	4
McAlester	Class II DO	3	20	3
Hugo	Branch	3	19	3
Poteau	Branch	3	18	2
Muskogee	Class II DO	2	33	5
Okmulgee	Branch	2	12	1
Oklahoma City	Class I DO	5	74	3
Chickasha	Branch	4	12	1
Moore	Branch	4	26	

OKLAHOMA SUMMARY—Continued

Office	Type of office	Congressional District [1]	Number of employees [2]	Number of contact stations
Shawnee	Branch	3	20	3
Tulsa	Class I DO	1	83	4
Bartlesville	Branch	5	12	2
Miami	Branch	2	15	2
Guymon (RS of Amarillo)	Resident station	6	2	5
Durant (Branch of Sherman)	Branch	3	11	1
Area director's office			3	

[1] Congressional District No. 1—James R. Jones, No. 2—Mike Synar, No. 3—Wesley Wade Watkins.
[2] Pay period ending Mar. 15, 1985

[From the New York Times, Apr. 4, 1985]

21% Cutback in Social Security Staff Planned

(By Robert Pear)

WASHINGTON, Apr. 3.—The Reagan Administration has decided to reduce the staff of the Social Security Administration by 21 percent and is reviewing the 1,300 Social Security field offices to decide which should be closed or consolidated.

Administration officials said recently that the cuts would not disrupt service to the public, but some managers of the Social Security agency disagreed, as did some members of Congress.

The plan does not need Congressional approval, although Congress could pass legislation to block the personnel cuts or the closing of field offices. Congress appropriates money for Government agencies but rarely specifies the number of employees.

Social Security officials said they planned to reduce the agency's staff from 79,951 employees in 1984 to 62,945 in 1990, a reduction of 17,006 employees, or 21 percent. This does not count cutbacks in the last two years that reduced the staff by 2,532 employees.

A CONFIDENTIAL WARNING

James M. Brown, a spokesman for the Social Security Administration, said the agency had resisted deeper cuts proposed by the Office of Management and Budget in December. The proposals, he said, called for Social Security to reduce its staff by 19,000 employees over three years.

A confidential memorandum signed by Martha A. McSteen, the Acting Commissioner of Social Security, said that any such cuts "could be misconstrued as an abrogation of the President's commitment to exempt Social Security from budget reductions."

Social Security pays monthly cash benefits to 36 million people, at an estimated cost of $191 billion this year.

New guidelines developed by the Social Security Administration say that if a field office has fewer than 25 employees and is within 25 miles of another facility, it is a candidate for closing or consolidation.

"SOUNDS PRETTY RIDICULOUS"

Mr. Brown said that with new computer equipment the Social Security agency could deliver a higher level of service with fewer employees.

Robert M. Ball, who served as Commissioner of Social Security from 1962 to 1973, said the plan to cut the staff "sounds pretty ridiculous to me."

"The administrative costs of Social Security are financed from the trust fund," Mr. Ball said. "People pay for that service through payroll taxes. The levels of service are not entirely satisfactory now. Only 1½ cents of every dollar in total Social Security outlays goes for administrative costs. I would argue that the Government ought to spend a little more on administration for the convenience of people."

Senator Mark Andrews, Republican of North Dakota, said the closing of offices could have "a devastating effect on elderly and handicapped" people and would cause "real hardship" in his rural state.

Mrs. McSteen recently gave the 10 regional commissioners power to close field offices or downgrade them.

Nelson J. Sabatini, an Acting Deputy Commissioner, said that since January 1981 the agency had closed one district office, 19 smaller offices and 605 parttime "contact stations."

PLAN CALLED OUTRAGEOUS

"These changes represent annual net cost savings to the Administration of approximately $900,000," he said in a memorandum to the regional commissioners.

Representative Edward R. Roybal, chairman of the House Select Committee on Aging, joined the American Association of Retired Persons in criticizing the plan to close Social Security offices and reduce the staff.

Mr. Roybal, a California Democrat, said it was "outrageous that such a plan would not even take into consideration the fact that seniors would be forced to travel to other communities to resolve their Social Security problems."

A new study by the Social Security agency says: "Between 1936 and 1960, offices were established based on population centers and expected workloads. there was a great expansion of field facilities in the 1960's and early 1970's to reach out to minority and socioeconomically deprived segments of our society."

But it said "changes in the law, budget and political climate" now require the agency to redefine its service goals.

SAVINGS CALLED UNCLEAR

Mr. Brown said the Social Security Administration had not yet decided which offices to close. But he said it was certain that some would be closed.

Stephen D. Bauer, president of the Social Security Management Associations, which represent 4,000 field office managers, said the agency could not maintain the accuracy of payments if the staff was cut by 17,000.

Mr. Ball, Mr. Bauer and other Social Security employees said it was unclear how much money the cuts would save. If the number of employees was substantially reduced, they said, overtime costs would rise, employees would have to be retrained and the number of erroneous benefit payments would increase.

Social Security officials said there were 88 field offices in New York State, 28 in New Jersey and 17 in Connecticut.

MEMORANDUM

The following is a list of the 770 of 1,340 local Social Security offices which could be closed or downgraded if SSA's "Draft Service Delivery Methodology," as proposed in a January 28, 1985 memo to SSA's Regional Commissioners, is implemented.

State	Offices most likely to be closed	Offices which may be downgraded or closed
National total	388	382.
Alabama	10 (Albertville, Alexander City, Anniston, Birmingham—East, Cullman, Fairhope, Jackson, Russellville, Scottsboro, Troy).	5 (Andalusia, Birmingham—Ensley, Jasper, Mobile—West, Opelika).
Alaska	1 (Fairbanks)	
Arizona	4 (Casa Grande, Douglas, Flagstaff, Nogales)	4 (Prescott, Scottsdale, Tucson, Yuma).
Arkansas	5 (Blytheville, Harrison, Helena, Searcy, West Memphis).	3 (Batesville, North Little Rock, Russelville).
California	17 (Banning, Berkeley—Southwest, Carmel, Corona, Costa Mesa, El Sereno, Fresno, La Crescenta, Lakeport, Livermore, Lodi, Oakland—West, Palo Alto, Sonora, Susanville, Watsonville, Yreka).	36 (Alhambra, Auburn, Beach Cities, Burbank, Culver City, Downey, El Centro, Fairfield, Fresno—Downtown, Fresno—West, Gilroy, Glendora, Hanford, Hemet, Huntington Beach, Indio, La Puenta Valley, Marina Venice, Monrovia, Napa, Oroville, Placerville, Porterville, Redlands, Richmond, Roseville, San Francisco—Chinatown, San Francisco—Hunters Point, San Francisco—Outer Mission, San Juan Capistrano, San Leandro, San Pablo, San Pedro, Ukiah, Vallejo, West Sacramento).

State	Offices most likely to be closed	Offices which may be downgraded or closed
Colorado	9 (Alamosa, Boulder, Canon City, Denver—Southwest, Durango, Glenwood Springs, Grand Junction, La Junta, Montrose).	3 (Ft. Collins, Greeley, Lakewood).
Connecticut	7 (Ansonia, Bristol, Danbury, Middletown, Norwich, South Norwalk, Torrington).	7 (East Hartford, Meriden, New Britain, New London, Stamford, Waterbury, Willimantic).
Delaware		2 (Dover, Georgetown).
District of Columbia	2 (Hawaii Ave., Pennsylvania Ave.)	2 (East Capitol, Fort Lincoln).
Florida	10 (Hallandale, Key West, Lake City, Marianna, Naples, Plant City, Quincy, Sebring, Sanford, Vero Beach).	13 (Allapattah, Bradenton, Dade City, Deland, Delray Beach, Jacksonville—North, Little River, Miami Beach, Panama City, Pompano Beach, Riverside, St. Augustine, Winter Haven).
Georgia	14 (Atlanta—Northeast, Atlanta—Southwest, Augusta—Daniel Village, Carrollton, Cedartown, Cordele, Covington, Dalton, Moultrie, Milledgeville, Statesboro, Swainsboro, Tifton, Toccoa).	11 (Atlanta—Northwest, Atlanta—Southeast, Brunswick, Dublin, Griffin, La Grange, Thomasville, Valdosta, Vidalia, Warner Robbins, Waycross).
Hawaii	3 (Hilo, Kahului, Lihue, Kauai)	1 (Waipahu).
Idaho	2 (Caldwell, Idaho Falls)	4 (Coeur d'Alene, Lewiston, Pocatella, Twin Falls).
Illinois	7 (Cairo, Effingham, Freeport, Glenview, Litchfield, West-Frankfort, Woodstock).	21 (Arlington Heights, Belleville, Bloomington, Carbondale, Champaign, Chicago—Back of the yards, Chicago—Bridgeview, Chicago—Lawndale, Chicago West Town, Des Plaines, Downers Grove, Elgin, Galesburg, Harrisburg, Kankakee, Mt. Vernon, Pekin, Peru, Quincy, Sterling, Villa Park).
Indiana	5 (Auburn, Crawsfordsville, East Chicago, Michigan City, Valparaiso).	9 (Elkhart, Indianapolis—East, Indianapolis—West, Kokomo, Lafayette, Madison, Merrillville, Richmond, Vincennes).
Iowa	11 (Ames, Carroll, Clinton, Council Bluffs, Creston, Decorah, Iowa City, Marshalltown, Oskaloosa, Spencer).	6 (Burlington, Cedar Rapids, Dubuque, Ft. Dodge, Mason City, Ottumwa).
Kansa	7 (Colby, Dodge City, Emporia, Independence, Kansas City, Lawance, Ottowa, Winfield).	5 (Hutchison, Kansas City, Pittsburg, Salina, Shawnee Mission).
Kentucky	13 (Ashland, Danville, Henderson, Jackson, Louisville—East, Louisville—West, Madisonville, Maysville, Mayfield, Middlesboro, Prestonburg, Richmond, Somerset).	8 (Campbellsville, Elizabethtown, Frankfort, Hazard, Hopkinsville, Owensboro, Paducah, Pikeville).
Louisiana	8 (Bastrop, Bogalusa, Covington, Minden, Morgan City, Natchitoches, Plaquemine, Ruston).	3 (Baton Rouge—Government St., Baton Rouge—North, New Orleans—East).
Maine	4 (Biddeford, Rockland, Rumford, Waterville)	3 (Augusta, Lewiston/Auburn, Presque Isle).
Maryland	12 (Annapolis, Baltimore—East, Baltimore—North, Baltimore—Northeast, Baltimore—Northwest, Baltimore—Belaire, Cambridge, Catonsville, Elkton, Frederick, Hagerstown, Westminster).	7 (Baltimore—Eastpoint, Baltimore—West, Cumberland, Glen Burnie, Landover, Randallstow., Rockville).
Massaschusetts	6 (Brookline, Falmouth, Gardner, Greenfield, North Adams, Taunton).	9 (Attleboro, Fitchburg, Hanover, Haverhill, Hyannis, Norwood, Pittsfield, Roslindale, Waltham).
Michigan	7 (Adrian, Alpena, Holland, Ironwood, Monroe, Owosso, Petoskey).	10 (Detroit—East Jefferson, Detroit—Grand River, Detroit—Livernois St., Detroit—Southwest, Farmington, Flint, Hamtramck, Livonia, Marquette, Mt. Clemons).
Minnesota	8 (Alexandria, Austin, Fairmont, Fergus Fall, Hibbing, Minneapolis—Broadway, Rochester, Winona).	6 (Bemidji, Brooklyn Center, Duiuth, Mankato, Marshall, Minneapolis—Southwest).
Mississippi	13 (Biloxi, Brookhaven, Cleveland, Columbia, Corinth, Grenada, Kosciusko, McComb, Natchez, Newton, Pascagoula, Philadelphia, Starkville).	9 (Clarksdale, Columbus, Greenville, Greenwood, Hattiesburg, Holly Springs, Laurel, Meridian, Vicksburg).
Missouri	11 (Chillicothe, Columbia, Kirksville, Kirkwood, Lebanon, Maryville, Nevada, Rolla, St. Charles, Union, Warrensburg).	16 (Cape Girardeau, Flat River, Gladstone, Hannibal, Jefferson City, Joplin, Kansas City, Kennett, Moberly, Sedalia, Sikeston, St. Joseph, St. Louis—North County, St. Louis—Northeast, St. Louis—Northwest, St. Louis—South County, West Plains).
Montana	6 (Bozeman, Butte, Hare, Helena, Kalispell, Lamar).	2 (Great Falls, Missoula).

State	Offices most likely to be closed	Offices which may be downgraded or closed
Nebraska	5 (Beatrice Fremont, Grand Island, Hastings, Scottsbluff).	2 (Norfolk, North Platte).
Nevada		1 (North Las Vegas).
New Hampshire	3 (Keene, Litteton, Nashua)	3 (Concord, Manchester, Portsmouth).
New Jersey	3 (Newton, Raritan, Wildwood (Atlantic City).	7 (Brick Township (Asbury Park), Glassboro (Camden), Hoboken, Ho-Ho-Kus, Mount Holley (Camden), Plainfield, Toms River).
New Mexico	4 (Clovis, Gallup, Hobbs, Las Vegas)	3 (Farmington, Roswell, Santa Fe).
New York	6 (Auburn, Dunkirk, Gloversville, Herkimer, Long Beach, Mt. Vernon).	23 (Astoria, Bronx—Hunt's Point, Brooklyn—Bedford Stuyvesant, Brooklyn—Bushwick, Brooklyn—King's Plaza, Corning, Elmira, Hudson, Jamestown, Long Island City, NYC-Chinatown, NYC—Lenox Hill, NYC—Murray Hill, NYC—North Harlem, New Door—Staten Island, Ogdensburg, Oswego, Peekskill, Plattsburgh, Ridgemont, Riverhead, Rome, Watertown).
North Carolina	19 (Albemarle, Ahoskie, Asheboro, Burlington, Concord, Elizabeth City, Franklin, Hendersonville, High Point, Kinston, Mt. Airy, Morganton, Reidsville, Roanoke Rapids, Rockingham, Smithfield, Stateville, Wilkesboro, Washington).	14 Durham, Gastonia, Goldsboro, Greenville, Henderson, Hickory, Lumberton, New Bern, Rocky Mount, Salisbury, Sanford, Shelby, Whiteville, Willmington).
North Dakota	4 (Devils Lake, Dickinson, Grafton, Jamestown, Williston).	3 (Bismark, Grand Forks, Minot).
Ohio	18 (Ashtabula, Athens, Bowling Green, Cambridge, Cleveland—Northwest, Columbus—West, Dayton—West, East Liverpool, Fremont, Gallipolis, Ironton, Lancaster, Marietta, Medina, New Philadelphia, Ravenna, Wooster, Xenia).	19 (Akron—West, Batavia, Cincinnatti—Peebles Corners, Cleveland—Northwest, Cleveland—Union Circle, Defiance, Columbus—East, Columbus—North, Euclid, Findlay, Marion, Middletown, Newark, Painesville, Portsmouth, Sandusky, Steubenville, Toledo—West, Zanesville).
Oklahoma	10 (Ada, Bartiesville, Chickasha, Clinton, Hugo, Miami, Norman, Okmulgee, Poteau, Stillwater).	5 (Ardmore, Enid, Lawton, McAlester, Shawnee).
Oregon	12 (Albany, Astoria, Bend, Coos Bay, Klamath Falls, La Grande, Ontario, Pendleton, Portland—Lloyd Center, Potland—North, Portland—South, The Dalles).	2 (Beaverton, Medford).
Pennsylvania	18 (Beaver Falls, Bloomsburg, Carbondale, Carlisle, East Stroudsburg, Lebanon, Lewistown, Meadville, Monroeville, Pittsburgh—Brentwood, Pittsburgh—East Liberty, Pittsburgh—Hill District, Pittsburgh—Mt. Lebanon, Pittston, Shamokin, State College, Somerset, Towanda).	23 (Altoona, Ambridge, Bethlehem, Butler, Chambersburg, Charleroi, Du Bois, Glenside, Hazelton, Indiana, McKeesport, New Castle, New Kensington, Oil City, Philadephia—Kensington, Philadelphia—Nicetown, Philadelphia—Woodland, Pittsburgh—Northside, Pottstown, Sharon, Sunbury, Washington, Williamsport,
Puerto Rico	4 (Fajardo, Guayama, San Sebastian, Yauco)	7 (Aguadilla, Cayey, Hato Rey, Hato Tejas, Humacao, Manati, San Juan).
Rhode Island	2 (Newport, Woonsocket)	
South Carolina	6 (Beaufort, Bennettsville, Camden, Dillion, Laurens, Walterboro).	9 (Aiken, Anderson, Charleston—Downtown, Conway, Georgetown, North Charlestown, Orangeburg, Rock Hill, Sumter).
South Dakota	4 (Aberdeen, Pierre, Watertown, Yankton)	2 (Huron, Rapid City).
Tennessee	12 (Athens, Cleveland, Greenville, La Follette, Lawrenceburg, McMinnville, Murfreesboro, Nashville—East, Nashville—Hadley Park, Paris, Selmer Union City).	11 (Clarksville, Columbia, Gallatin, Johnson City, Kingsport, Maryville, Memphis—East, Memphis—North, Memphis—South, Oak Ridge, Tullahoma).
Texas	16 (Alice, Brenham, Brownwood, Cleburn, Corsicana, Denton, Georgetown, Kerrville, Marshall, McKinney, Nacogdoches, Palestine, Pampa, Plainview, San Marcos, Waxahachie).	13 (Angelton, Bryan, Big Spring, Dallas—West, Eagle Pass, Fair Park, Fort Worth—South, Greenville, Paris, Pleasant Grove, San Angelo, Seguin, Sherman).
Utah	2 (Cedar City, Murray)	1 (Provo).
Vermont		2 (Montpelier, Rutland).
Virgin Islands	2 (St. Croix, St. Thomas)	

State	Offices most likely to be closed	Offices which may be downgraded or closed
Virginia	11 (Arlington, Culpeper, Farmville, Fredricksburg, Hampton, Harrisonburg, Manassas, Martinsville, Richmond—Church Hill, South Boston (Danville), Staunton).	14 (Alexandria, Charlottesville, Covington, Danville, Newport News, Norton, Portsmouth, Richmond—Northside, Richmond—Southside, Suffolk, Tysons Corner, Virginia Beach, Winchester, Wythesville).
Washington	8 (Longview, Lynnwood, Mount Vernon, Port Angeles, Seattle—Burien, Seattle—West, Walla Walla).	6 (Bellingham, Bremerton, Puyallup, Pullman Renton, Seattle—North, Vancouver).
West Virginia	8 (Elkins, Logan, Martinsburg, Montgomery, Morgantown, Petersburg, St. Albans, Williamson).	2 (Fairmont, Welch).
Wisconsin	5 (Manitowoc, Milwaukee—Mitchell, Milwaukee—South, Milwaukee—West Bend, Sheboygan).	4 (Janesville, Kensoha, Milwaukee—East, Waukesha).
Wyoming	4 (Cheyenne, Rock Springs, Riverton, Sheridan)	1 (Casper).

COMPARISON OF FISCAL YEAR 1985 OVER FISCAL YEAR 1984 FINAL FTE ALLOCATIONS

[Excludes OGC/DUSGA]

Component	Fiscal year 1984 final FTE allocation	Fiscal year 1985 final FTE allocation	Difference fiscal year 1985 final over fiscal year 1984 final
Office of Commissioner	16	16	
Office of Child Support Enforcement	351	326	−25
Deputy Commissioner, Operations, including Central Operations Staff Offices	185	189	+4
Office of Central Records Operations	5,534	5,655	+121
Office of Disability Operations	5,632	5,311	−321
Office of Program Service Centers	14,151	13,445	−696
Field Liaison and Support Staff	72	39	−33
Regional Offices/Field	42,015	40,953	−1,062
Deputy Commissioner, Operations Reserve	0	10	+10
Total Deputy Commissioner, Operations	67,589	65,612	−1,977
Office of Management and Assessment	2,501	2,411	−90
Alternatives to Disability Retirement		30	+30
Special Employment Programs	69	49	−20
Deputy Commissioner, Management and Assessment Reserve	8	12	+4
Total Deputy Commissioner, Management and Assessment	2,578	2,502	−76
Programs and Policy Staff Offices/Deputy Commissioner Programs and Policy	1,470	1,433	−37
Office of Hearings and Appeals	5,803	5,465	−338
Office of Family Assistance	717	695	−22
Total Deputy Programs and Policy	7,990	7,593	−397
Deputy Commissioner for Systems	3,028	3,074	+46
DBRA Reserve		27	+27
Total SSA/OCSE	81,552	[1] 79,150	−2,402

[1] FY 1985 Final FTE Allocations have been adjusted to delete FTE approvals from the HHS FTE Pool for Handicapped Assistants.
Prepared by: OMBP, OFR, March 12, 1985.

Reductions in Social Security Administration Employment

[ORIGINAL SSA RESPONSE TO OMB DIRECTIVE IN BUDGET PROCESS—DECEMBER 1984]

The plan

1. Reductions: *FTE's*

Fiscal year 1984 employment ceiling $1,552

Fiscal year 1985	79,207
Fiscal year 1986	77,625
Fiscal year 1987	74,725
Fiscal year 1988	70,800
Fiscal year 1989	65,600
Fiscal year 1990 (target)	62,600
Total reduction (1985–1990)	−18,952

2. How reductions are to be achieved:

HHS 1985/'86 Budget Request to OMB	−4,355
Proposed Amendment for Disability Benefits Reform Act	+428
Modernize Social Security Claims Process	−3,325
Modernize SSI Claims Process	−2,000
Reduce Staff Positions	−1,200
Streamline Service Delivery	−2,000
Final Adjudication of All Claims in District Offices (Procedural Change)	−1,000
Other Systems and Procedural Changes	−3,100
Contracting Out (Annual Wage Reporting data entry, computer center operations, and programming for administrative/management information function)	−2,400
Total Reduction (1985–90)	−18,952

3. Reporting: Commissioner will report quarterly to the Under Secretary on the progress in implementing the plan and the placement of affected employees.

THE ASSUMPTIONS

1. There will be no major new legislation, or Administration initiatives, to increase SSA's workloads.
2. There will be no reduction-in-force to achieve FTE reductions, except as required for functions contracted out.
3. For functions contracted out, specifications will provide opportunities for current employees to work for contractor in same location as present job.
4. Efforts will be made through a formal review process of the existing field offices to streamline service delivery. While this could result in eliminating 100 to 200 permanent facilities, we will strive to accomplish the objective without diminution of service to the public.
5. Plan (—19,000 FTE's) could not be carried out by original target of FY 1988 without significant reductions-in-force and disruption in service to the public. Time needed to accomplish systems changes, retraining and relocation of employees.

NEEDS

1. Early-out authority, under Civil Service Retirement, for the full life of the plan.
2. Provision for special transition resources for training, relocation of employees, serverance pay and separation bonus incentive (may require legislation). These resources are for travel, transportation, contractual services and employee compensation.
3. Legislation to permit employees whose jobs are contracted out to continue to participate and contribute to their Civil Service retirement (similar to legislation enacted for employees in PHS hospitals).
4. Sufficient dollar resources for agency operations, especially for systems modernization costs.
5. Streamlined, expedited procurement authority delegated to SSA, with appropriate procedureal safeguards.
6. Reconsideration by IRS (or legislation, if needed) to permit contracting out of annual wage reporting.
7. Flexibility to SSA to manage achievement of FTE-reduction objective without OMB line-item controls and imposition of further restrictions (e.g., designated cutbacks by management function, etc.).

POSSIBLE IMPEDIMENTS

1. Problems in systems modernization implementation.

2. Adverse Congressional reaction (the plan could be misconstrued as an abrogation of President's commitment to exempt Social Security from budget reductions).

3. Delays due to protracted negotiations with American Federation of Government Employees on the process for implementing the plan as it affects employees of the bargaining unit.

4. Court-imposed standards for agency operations, processing times, etc.

I. Feasibility of a 19,000 FTE Reduction by FY 1988

A. A reduction of this magnitude by FY 1988 would clearly require a reduction-in-force (RIF):

1. To achieve a reduction of 19,000 FTEs by FY 1988, SSA would have to:

Separate more than 1,000 temporary employees.

Immediately institute a total 4-year freeze on hiring.

Count on sustained annual attrition at the average FY 1983-FY 1984 level of about 5,300 (4,200 FTP and 1,100 PTP) through FY 1988. In round numbers:

	Fiscal year 1984	Fiscal year 1988	Change
On-Duty:			
FTP	73,000	57,780	−15,220
PTP	6,900	2,150	−4,750
Temporary	1,070	0	−1,070
Total	80,970	59,930	−21,040
FTE's	81,600	62,600	19,000

2. A RIF would be inevitable for two reasons:

As on-duty employment levels continued to decline, it is likely that annual attrition would also decline from the 5,300 per year level because of a lower base and because of a lot of SSA's attrition occurs at lower grade levels where SSA would not be hiring. A RIF would be needed to make up for this likely decline in normal attrition.

An extended freeze on hiring would deplete SSA's clerical ranks and would result in severe geographic imbalances in SSA's field offices. Even if attrition did continue at current levels, SSA would still be forced to RIF existing employees to free up FTEs needed to hire clericals and deal with staffing imbalances. Otherwise, the Agency simply could not function.

B. SSA's plan for achieving a 19,000 FTE reduction will require lead time for implementation:

1. SSA has developed a proposal under which it will achieve the required FTE reduction by 1990.

2. As you will see when we discuss this plan in more detail, it contains critical elements which have built-in lead time.

3. Some examples of the time constraints built into SSA's plan include:

SSA plans to achieve substantial FTE reductions by contracting out work currently done in-house (e.g., data entry and computer operations). Lead time is needed for required A-76 reviews, procurement, etc.

FTE reductions are associated with systems improvements still on the drawing board (e.g., extension of claims modernization to title XVI).

Time will be needed to work out organization and classification problems related to the elimination of large numbers of positions in specific areas (e.g., Data Review Technicians in SSA's field offices and Claims Authorizers in SSA's program service centers) and to retrain employees for new jobs.

FTE REDUCTION PLAN

1984 Base	1985	1986	1987	1988	1989	1990	1987- 1990 Savings
81,552	- 2,276	- 1,990	Title II Claims Modernization →				- 3,400
	(Budget request)	(Budget request)			Title XVI Claims Modernization →		- 2,000
		+ 428 (Disability amendments)	Reduce Staff 15% →				- 1,200
			Streamline Delivery Mechanism →				- 2,000
			Ongoing Systems Enhancements →				- 3,100
			DOFA →				- 1,000
					AWR Data Entry →		- 1,000
					NCC Operations →		- 1,000
					PC Computer Rooms →		- 200
					ADMIN-MI Functions →		- 200
			- 2,900	- 4,000	- 5,200	- 3,000	- 15,100
	- 2,276	- 1,562					- 3,838 ('85-86)
81,552	79,276	77,714	74,814	70,814	65,614	62,614	
						Total Savings	- 18,938

II. Explanation of the chart and implementation plans

Fiscal year 1985

2,000 FTE savings are already budgeted for this fiscal year to account for productivity improvement and procedural and policy enhancements.

Fiscal years 1986–90

2,000 savings in FTEs are also being reflected in the FY 86 budget to account for productivity gains and procedural and policy enhancements. This FTE savings is offset by the additional 428 FTEs necessary to implement the recent disability amendments for a total of 1,562.

As systems modernization efforts continue, additional productivity improvements and procedural and policy enhancements are anticipated. We estimate these savings to be 3,100 FTEs.

A 15-percent reduction in SSA's "staff" positions will be implemented over this period of time, resulting primarily from systems enhancements derived from implementation of the Systems Modernization Plan (SMP). This 15-percent reduction is in addition to the 2½ percent staff reduction reflected in the 1986 budget. The reduction during the 5-year period will be approximately 1,200.

We will accomplish this reduction in the number of staff positions nationwide by means of an almost total freeze on the filling of vacancies in these positions until we have reached our 15-percent reduction goal.

SSA's Service Delivery Project, a formal and ongoing process to measure the efficiency and effectiveness of the manner in which we provide service to the public in our field offices, will be implemented early during this period. It is expected that savings will result from this process—we are projecting approximately 2,000 FTEs during the FY 86–90 time period.

Fiscal years 1987–88

During this 2-year period, we will begin to attain significant workyear savings as a result of the Field Office System Enhancement (FOSE) segment of the overall SMP. The savings are projected as follows:

The functions of the Data Review Technicians (DRTs) in our field offices will be most affected by the FOSE systems enhancements. The automation introduced during this period will involve only title II initial claims, however, and we are estimating that approximately 1,750 of our approximately 3,970 DRTs currently on duty will be affected during this initial phase.

A combined Service Representative (SR)/DRT position has been established. As the need for DRTs is reduced, incumbents of the position will be journalized into the combination job and will perform the combined duties. Consequently, vacancies in the SR position will not need to filled. Similarly, Claims Representative (CR) vacancies will be filled from within the SR ranks, and savings will also result from that strategy.

The functions of the Development Clerks (DCs) in the field offices will also be affected by FOSE, Phase I. We are estimating the workyear savings to be approximately 1,250 FTEs. Attrition together with a strictly enforced vacancy-filling policy will accomplish this numerical objective. (The annual DC attrition rate is around 15.5 percent.)

Because Data Transcribers will no longer input Title II claims data, a small amount of workyear savings can also be accomplished in that position—currently estimated at approximately 400 FTEs.

It should also be noted that reductions in the number of incumbents in the above positions should also result in a reduction of the number of supervisory personnel (Operations Supervisors). It is impossible to forecast the reduction, however, even in approximates.

Fiscal years 1988–90

We will immediately begin the staff work and analysis required to determine the efficacy of contracting out all of SSA's data entry activities, which primarily involve the Annual Wage Reporting (AWR) process. Contracting out under the provisions of OMB Circular A–76 is by definition a relatively lengthy process, and we expect to be able to let contracts for the performance of this function during the FY 88–90 time period.

Savings are estimated at approximately 1,000 workyears, with approximately 100 FTEs to be saved in the Office of Central Records Operations (OCRO) in downtown

Baltimore, and approximately 900 in FTE savings in the three Data Operation Centers (DOCs) (Wilkes-Barre, Albuquerque and Salinas).

(See Section III of this package for problems related to the impact on the remaining DOC functions, personnel and buildings, and Section IV for the "Inherent Government Function" problem currently associated with the AWR process.)

We will immediately begin the staff work and analysis required to determine the efficacy of contracting out under A-76 the management and day-to-day operation of the New Computer Center (NCC). Estimated savings would approximate 1,000 FTEs. (Also, see Section III.)

We will immediately begin the staff work and analysis required to determine the efficacy of contracting out the programming performed in support of SSA's management information function. Savings would approximate 200 FTEs. (Also, see Section III.)

We will immediately begin the staff work and analysis required to determine the efficacy of contracting out the function performed by personnel in the six program service center computer rooms. Savings would approximate 200 FTEs. (Also, see Section III.)

We will institute a policy change which will raise the percentage of initial retirement and survivors claims finally adjudicated in district offices to 100 percent. (At present, policy requires certain specifically identified kinds of claims to be forwarded to one of the six program service centers for final authorization of payment.) There will be some tradeoffs in terms of savings, but we estimate that savings resulting from the reduced need for Claims Authorizers (CAs) in the program service centers will approximate 400, with an additional 600 in workyear savings resulting from positions essentially in support of the CA function.

We expect to be able to automate title XVI claims processing during this time period in much the same manner that we will automate title II claims during the FY 87-88 period. If we are able to do this on a timely basis, the remaining (approximately) 2,000 DRTs will be available to move into SR and CR vacancies as they occur. In addition, there will be additional savings related to the Development Clerk and, consequently, Operations Supervisor positions.

III. Impact of the plan

Data Review Technicians—The movement of large numbers of DRTs into SR or CRT vacancies as they occur will require many forced placements. The DRTs and the vacancies will exist in over 1,300 different geographic sites, and matching people with openings will mean physical relocation of personnel with the attendant costs and adverse labor relations impacts.

Development Clerks and Teletypists—The reduction in the number of DCs and teletypists positions through attrition can probably occur largely within the turnover in each office. However, there undoubtedly will be a need for forced reassignment of some personnel between offices to match people with workloads. Also, the DC workload may not be reduced to the extent projected and thus the loss of DC personnel could put a further squeeze on already overtaxed clerical support.

District Office Final Authorization—The loss of a significant number of Claims Authorizers in the processing centers raises several key concerns over impact. First, the payment error rate could be affected since the cases currently not under DOFA are the more complex and error prone. Second, a large proportion of the displaced CAs will have to be reassigned to operations jobs in the field offices or in headquarters. (Another possibility to be considered is to train the CAs on disability evaluation so that they could be utilized in the event of DDS federalization.) This will mean not only all the costs and labor relations problems associated with physical relocation of personnel, but also a considerable training effort and attendant loss of productivity to get the CAs prepared for their new positions. Third, the loss of the CA positions will have serious repercussions on the remaining PC structure. The modular structure and the numbers and grade levels of the supervisory and management personnel are all keyed to the CA position. A large reduction in the number of CAs would mean extensive staffing, classification and labor relations problems for the remaining structure as well.

Finally, for this area as well as for many of the others, the adverse impact on employee morale will be very real. First, serious organizational upheaval in the PCs will have a significant impact on the morale, and most likely productivity, of the remaining employees. Second, morale within the receiving components will be impacted by feeling forced to take employees not of their choosing and who take away opportunities for those who are better qualified. Lastly, the morale and productivity of any employee forced to change jobs will be low.

Data Operations Centers—Contracting out the DOC functions raises several unique concerns. We have argued in the past that the AWR process is inherently governmental, and we may need a legislative change to now permit this to be done (see Section IV). Assuming that it can, the impact on employees will depend on the number that the contractor retains. Procedures call for the contractor to give priority consideration to our employees when staffing the operation. A further consideration is that the existence and placement of the DOCs in the first place was based on offering employment in economically disadvantaged areas. Congressional reaction might be strong to contracting these operations to private enterprise or to any significant changeover in staffing if they are contracted out.

Finally, a major impact of contracting out this or any other function involves the quality of the product received. The practical limitations on our control of a private operation are obvious.

Systems Operations, Office of Information Systems and Processing Center Computer Operations—The impacts of contracting out the computer center operation in Woodlawn are, except for the inherently governmental functions, the economically disadvantaged area and the federal building arguments, essentially the same as for the DOCs.

Staff Positions—The projected decrease in staff positions in headquarters and the regions can probably be met through attrition from staff positions, but again, the matching of personnel and vacancies will be a problem. We will undoubtedly have to reassign personnel from staff positions in one area to those in another based on priority of need. While some relocations can be handled on a voluntary basis, forced reassignment is a distinct possibility. Problems previously noted with costs, labor relations issues, morale and productivity would all apply.

The longer range impact of these staff reductions is not easily forecast, but will mean some diminution in the ability to oversee, track and anticipate operational problems in the agency.

Service Delivery Project—The impact of saving a significant number of positions in the field offices through a reassessment of service delivery will be felt in a number of ways. Depending on where the reductions occur, to the degree they were potential vacancies for placing personnel displaced from areas, the opportunity will no longer exist (i.e., CR vacancies for DRTs or CAs). If the reductions occur predominantly among overhead positions in the offices (i.e., ADMs, staff assistants, etc.), there will be difficulty in finding alternative positions for personnel at these grade levels. This is particularly true in light of the anticipated reduction in staff positions in regional offices and headquarters. The concerns with relocation costs, labor relations, morale and productivity will all exist. Finally, the quality of service provided by the offices may be impacted given the significant reduction in management oversight and time to spend on community relations.

IV. What we need

The goal of reducing SSA's FTEs by 19,000 over a 5-year period is, obviously, a massive undertaking. There are some actions which need to be taken to assist us in this effort which are beyond our control.

A. Early Out Authority: We will need authority to permit early retirement for those employees who are eligible for the entire 5-year life of the implementation plan. Such authority will be particularly important in such areas as the 15-percent reduction in staff positions, where a higher percentage of our employee population tends to be older and not susceptible to movement into lower graded operating positions.

B. Reconsideration of the "Inherent Government Function" Decision: It was determined several years ago that the entire AWR process is an inherent government function which therefore will not be contracted out under the provisions of A-76. The then-Commissioner of the Internal Revenue Service participated in this decision, which was concurred in by the Office of the General Counsel. If we are to contract out the keying function associated with the AWR process, we will need relief from that decision.

C. Legislation to Protect Retirement Benefits of Employees Whose Functions Are Contracted Out: As a matter of equity, legislation should be sought to permit employees whose jobs are contracted out to continue to make contributions to the Civil Service Retirement Fund in order to protect their retirement benefits. (Similar to legislation recently enacted for employees with Public Health Service Hospitals.)

D. Sufficient Resources to Permit Retraining and Relocation of Employees: Dollar resources will have to be allocated to cover the extensive retraining efforts for employees reassigned to new positions, as well as the considerable relocation expenses involved in permanent change of station for a large number of employees.

Chairman JONES. The subcommittee will come to order.

Today this subcommittee begins the first of what will be an extensive series of oversight hearings into the quality of service rendered to the public by the Social Security Administration. Over the next year, we intend to investigate a broad range of administrative and structural issues, including the implementation of the Social Security Disability Reform Amendments of 1984, the proposal to make the Social Security Administration an independent Federal agency, the proposal to accelerate the current law provision for taking Social Security out of the unified budget, and other issues dealing with quality. Now, this hearing will focus specifically on the proposals in the President's budget for making reductions in the staffing of the Social Security Administration and the possible plans for closing or downgrading several hundred field offices.

In a program as large as Social Security, which touches on the lives of nearly every American family, there will always be complex administrative problems affecting service to our constituents. While the Congress cannot dictate detailed administrative practices to the agency with direct responsibility for running the program, it is our responsibility to remain vigilant to new trouble spots and to constantly safeguard the overall level of public service to Social Security beneficiaries.

For over 40 years, the Social Security Administration's network of field offices has functioned as one of the major points of contact between ordinary citizens and their Federal Government. Only the post office has as much day-to-day contact with the public; therefore, the quality of service provided by the agency through field office, mail and phone contact is critically important in determining how citizens feel about the job their Government is doing and about the Social Security Program itself.

Congress is also concerned with the cost and efficiency of service provided by the agency. In an age of ballooning Federal deficits and widespread criticism of Government waste in spending, we cannot afford to be cavalier about what the public's money is buying in the way of administrative services. A major purpose of our oversight activities must be to ensure that all administrative functions, including computation of benefits, recording of workers' earnings, and appropriate enforcement of the earnings test in the law, are promptly and accurately carried out.

Both of these concerns about the quality of service provided and the cost and efficiency of that service have prompted today's hearings. The President's fiscal year 1986 budget contains a proposal to reduce the staff of the Social Security Administration by about 17,000 over the next 5 years; by over 3,600 in the next 2 years alone. At the same time, the Social Security Administration has announced a service delivery assessment project to study current field office structure and placement, which raises the possibility of closing a number of field offices and streamlining personnel in others.

These plans have caused considerable concern in the Congress and elsewhere as to how the SSA can make major staffing reductions, and possibly close several hundred field offices, without significant deterioration of public service. Many questions have been raised about the details of these plans and the connection between

objective analysis of field office structure and budgetary objectives for reducing the Federal employment levels. I hope that the Commissioner and our other witnesses here today can give us some solid answers to those questions.

I want to keep an open mind about what changes ought to be made in the administration of the Social Security Program, and I would certainly not suggest that improvements and streamlining of service delivery cannot be made. But we must be sure that the service delivery improvements really are improvements and not simply a cover for purely personnel reduction actions that may not, in the long run, produce dollar savings for the Federal Government and actually may seriously reduce the level of service provided to our elderly and disabled citizens.

We have an array of distinguished witnesses today to testify on this subject. Before we get into our first witness, let me ask Mr. Daub, who is the ranking minority member on the subcommittee, if he has any opening statement.

Mr. DAUB. Mr. Chairman, first I want to compliment you on the commencement of what will, I know, be a series of excellent hearings, and I generally endorse the opening statement which you have delivered for the record.

I, too, am concerned about the efficiency of the system and the maintenance of quality delivery and responsible administration of Social Security, not only to those who are currently connected with the program but those who would like to rely upon it in the future.

And so I think it is important that we carefully examine opportunities to streamline and make it more efficient. Indeed, the budget consideration ought to be germane to what we do, and in that connection, we have to try to balance our feelings.

I think we have, indeed, a good set of witnesses and I look forward to being as openminded as the Chairman.

Thank you.

Chairman JONES. I thank the gentleman. I might just add that we are also wanting to have field hearings on this whole array of subjects dealing with the quality of the delivery of service, and any member of the subcommittee who has a suggestion on that, please let us know so that we can plan appropriate field hearings.

Our first witness is our colleague from New York, Mr. Thomas Manton, who is a new Member to the Congress this year and a person I have gotten to know 3 days a week in Spanish class.

You may deliver your testimony in Spanish or English, and I will translate for them, Tom. Welcome to the subcommittee.

STATEMENT OF HON. THOMAS J. MANTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. MANTON. Thank you very much, Mr. Chairman.

I think, in view of the interest of this subcommittee, I will deliver it in English, if the Chair will permit me.

My name is Thomas J. Manton. I am a Member of Congress from the Ninth District of New York.

Mr. Chairman, let me begin by commending you and the members of the subcommittee for holding this important hearing on the delivery and quality of services furnished by the Social Security

Administration. Social Security is one of the most important domestic programs administered by the Federal Government, and oversight of its implementation is of critical importance to the Congress.

Mr. Chairman, I am appearing before the subcommittee today to express my grave concern about possible plans by the Administration to close three of the four Social Security offices in my district, the ninth of New York. Social Security is important to every Member of Congress, and I know that the concerns I am expressing today are shared by almost every other Member. However, the Ninth Congressional District contains the twelfth largest senior citizen population of any congressional district in the country, thereby causing my heightened concerns about the Administration's possible office closings.

Currently, there are four Social Security offices in my district. These offices are located in Long Island City, Glendale, Astoria, and Jackson Heights. Based on 1980 census data, these four offices serve more than 104,000 senior citizens in my district.

According to information provided to me by the Select Committee on Aging, of which I am a member, the administration is currently considering closing the three regional Social Security offices located in Long Island City, Astoria, and Glendale. If implemented, this action would cause serious problems for tens of thousands of people.

At present, the Social Security office in Long Island City serves 12,000 seniors and handles 50 to 60 people daily. The Astoria office serves approximately 30,000 seniors, and between 100 to 150 seniors use that office on a daily basis. Finally, the Glendale office, which serves more than 18,000 seniors, sees more than 80 people daily. As these figures indicate, Mr. Chairman, each of these offices serves a large number of seniors, and all are heavily utilized.

The remainder of the seniors in the Ninth District use the main Social Security office in Jackson Heights. Currently, that office serves more than 44,000 people. The Jackson Heights office is operating at capacity and has no room to expand. Yet, despite these realities, the administration is considering asking all 104,000 seniors to rely on this one facility. To place such a burden on the Jackson Heights office would be unwarranted and unfair to the people of the Ninth Congressional District and would also have a negative effect on the quality of service many of my constituents would receive.

It is my understanding that the Social Security Administration believes that it would be able to handle the more than doubled caseload at the Jackson Heights office by upgrading its operations with a new computer system. However, most of my constituents go to the Social Security offices when they have questions. At that time, they need to be able to talk with an employee, not a computer monitor. In that regard, I am certain the Jackson Heights office would not be able to adequately service the needs of the senior citizens of my district.

Mr. Chairman, I believe these are sufficient reasons to keep all four Social Security Administration offices in my district open. However, there is another compelling reason why the three regional offices should not be eliminated. The Ninth Congressional Dis-

trict is a highly urbanized and densely populated section of New York City. Closing three Social Security offices in my district will place a further burden on seniors because most of the elderly in my district rely on the public transportation system, particularly buses, as their main mode of transportation. If the Jackson Heights office becomes the sole remaining office, many of the seniors would have to endure lengthened travel on crowded city buses. In addition, the routes many of the seniors would have to take to get to Jackson Heights would involve additional fares as they have to travel through different bus zones. An extra 90 cents per trip—the cost of a one-zone bus ride in Queens—would be an unfair additional expense for my constituents, most of whom live on limited fixed incomes.

Mr. Chairman, because the administration's actions appear to be predicated on cost savings and efficiency, I strongly urge the subcommittee to look very closely at the criteria that would be used to decide regional office closings. I believe the population and needs of an office's service area must be given high priority when staff reductions or office closings are being considered. Actual physical distances between offices can mean little, as in the case of my district. In addition, staff reductions and increased workloads at consolidated offices could result in increased processing errors and a general decline in the quality of service to beneficiaries. In that instance, any cost savings would prove to be penny wise and pound foolish.

I am anxious to learn from the administration the details of its plans for field office closings and the criteria that will be used. In that regard, I have recently written Secretary Heckler asking for a full accounting of activities the Social Security Administration has taken to date on this issue and the actions contemplated for the future. I am also very interested in learning the results of the investigation you have asked the General Accounting Office to perform on this matter. However, I cannot emphasize enough my firm belief that any changes proposed by the administration must be examined very carefully so that the quality of service to social security beneficiaries does not suffer and that our seniors are not asked to endure unnecessary hardships.

Again, Mr. Chairman, I want to thank you for allowing me to share my concerns with you and the other members of the committee. I would be pleased to provide you and the committee with any additional information you may desire on my district and the effects of the administration's contemplated actions.

Chairman JONES. Thank you very much for a fine statement.

The purpose of these hearings is to get at the quality of service: Has it deteriorated? Will proposed actions make it deteriorate? I assume you have talked to the Social Security people as well as beneficiaries in your district. Can you detect what criteria or what standards they are being asked to judge whether or not an office should be closed?

Mr. MANTON. I suspect, in the case of the Ninth Congressional District, where we have a rather compact district that is a 20-square-mile district, that using a strictly mileage type of formula, which I suspect is being used here, where we are going to close three out of four of the offices, my understanding is that, around the country, we propose to possibly close 200 such offices.

It would seem to be an undue burden where the average district closing would be less than half an office, hypothetically, to say that we are going to close, in the Ninth Congressional District, 75 percent of the offices or three out of four, simply because we are using a 25-mile mileage figure, without taking into account all of the other circumstances of travel.

Chairman JONES. With such a high concentration of beneficiaries in your district, could you tell us what are the major complaints on the quality of service up to this point? What is the major problem in the delivery of Social Security benefits and services?

Mr. MANTON. Well, I think that if there were to be a problem, it would be the impersonality of the contact with the Social Security office. That is why it is important that when a senior gets into trouble, either because of a lost check or a problem, that they be able to go to a nearby office and communicate with another human being across the desk so that that problem can be cured or eliminated. The idea of closing up this type of service, I think, does have an effect on the seniors.

Chairman JONES. Mr. Daub.

Mr. DAUB. Thank you. We certainly do appreciate your bringing your concerns personally and those of your constituents and employees of Social Security offices, in your Ninth Congressional District, to us.

I have three questions that I would like to ask you, and I will be very brief. My State has the fourth largest number of elderly per 1,000 in the country, and I have a heavy concentration of seniors, much like you do, in five counties, the smallest congressional district in Nebraska.

I have one office servicing longer mileage and distance trips for my seniors to my office. How do I rationalize your having 4 and my only having 1 for the same 200 or 300 cases per day?

Mr. MANTON. Well, looking at averages, it would seem to me that—and I am not trying to be facetious—that perhaps your district may be understaffed. It is hard for me, not knowing the terrain there—I assume people travel by automobile——

Mr. DAUB. Public bus and automobile.

Mr. DONNELLY. Don't they have horses out there?

Mr. MANTON. But in my district, the seniors, in the main, don't own automobiles. They ride by public transit. If you know the Ninth Congressional District, you can get from east to west but not from north to south very easily.

Mr. DAUB. But you see my point. If I assume that we are not understaffed, and are handling 200 or 300 cases per day, personally, we have probably more people totally than your four offices do combined. This is another subject that I intend to examine carefully as well, but I think that is part of the thinking that may go into this.

Let me ask you——

Mr. MANTON. Well, I would say this. Just looking at some numbers, it seems to me that the average—and averages are always perhaps misleading—the average congressional district, if my numbers are right, contains about three Social Security offices or regional offices, and so it would seem that we are pretty close to the average. Perhaps we have one more than the average.

Mr. DAUB. It would certainly be better if you only lost one or two rather than three out of four, right?

Mr. MANTON. Well, certainly, half a loaf is better than none, but we would like to keep the service as it is. But, realizing that there are some budget constraints, we all have to do some belt-tightening, I would suspect, but certainly not to have three out of four leave the district.

Mr. DAUB. I appreciate that.

My final thought would be that the affectation of our private sector with its automation and computers is something that I think we will look at in terms of delivering quality service. I think that the same kind of automation is going to be more helpful to Government as well, and it may help us as we examine these contemplated changes so that we can assure you and your constituents that the quality of service and very personal service, I think, that our senior citizens ought to be able to receive compared to others is continued.

Thank you for being with us.

Mr. MANTON. Thank you, sir.

Mr. DAUB. Thank you, Mr. Chairman.

[The following was subsequently received:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, April 24, 1985.

Hon. JAMES JONES,
Chairman, Subcommittee on Social Security,
Washington, DC.

DEAR MR. CHAIRMAN: I am taking the liberty of forwarding a copy of a letter I am sending to our colleague, Hal Daub. the letter is self explanatory. I would greatly appreciate having the letter included in the record immediately after my testimony and my subsequent answers to questions from Members of the Subcommittee.

I again want to thank you for the courtesy you extended me by allowing me to testify on this important issue. I would be happy to answer any other questions you or the Subcommittee may have.

With best wishes, I am

Sincerely,

THOMAS J. MANTON,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, April 24, 1985.

Hon. HAL DAUB,
House of Representatives,
Washington, DC.

DEAR MR. DAUB: Recently I testified at a hearing of the Ways and Means Subcommittee on Social Security. The hearing centered on the Administration's consideration of a plan to close hundreds of Social Security regional offices across the country.

As you may recall, at the conclusion of my testimony you stated that your District had a very high percentage of seniors, indeed a senior population approximately the same size as the senior population in my District. You also suggested that it was unfair for my District to have four regional offices while your District had only one office to serve roughly the same number of beneficiaries.

In that regard, I thought you would be interested to know that according to 1980 census data 9.6 percent of your constituent population is age 65 or older, the lowest percentage of any Congressional District in your state. In contrast, 16.9 percent of the population in my District is age 65 or older, the second highest level of the thirty four Congressional Districts in my state.

When I stated in response to a question from you that I might be willing to consider a reduction of one Social Security office, I did so under the mistaken impression that somehow my District might be receiving far more favorable treatment than Districts such as yours. While I cannot comment on the adequacy of the service your constituents are receiving, I can say without hesitation that the people of the Ninth Congressional District of New York cannot afford the loss of any of the four Social Security offices currently in service.

I hope this information is helpful to you and to the Committee in its deliberations on this important issue. If I may be of further assistance, please let me know.

With best wishes, I am

Sincerely,

THOMAS J. MANTON,
Member of Congress.

Chairman JONES. Thank you, Mr. Daub.

Are there further questions from members of the committee?

[No response.]

Chairman JONES. Thank you very much, Tom.

Mr. MANTON. Thank you.

Chairman JONES. We will ask our next witness, Mrs. McSteen, to come forward.

Welcome back to the subcommittee, Commissioner.

Mrs. MCSTEEN. Thank you.

Chairman JONES. Your statement will be included in the record, and you may proceed to summarize it as you wish.

STATEMENT OF MARTHA McSTEEN, ACTING COMMISSIONER OF SOCIAL SECURITY, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY NELSON J. SABATINI, ASSOCIATE COMMISSIONER, OFFICE OF MANAGEMENT, BUDGET, AND PERSONNEL

Mrs. MCSTEEN. Thank you.

Mr. Chairman, members of the committee, I am pleased to be here today to discuss several issues pertaining to the administration of the Social Security programs in which the subcommittee has expressed interest. It is clear that any change in the way our programs are administered potentially affects the service we provide to the public, and we must be sure that any actions we take do not adversely affect the promptness, accuracy or courtesy of the service we provide to millions of people. Therefore, I appreciate the subcommittee's concern that any efforts to reduce the cost of administering the social security program will not undermine SSA's quality of service to the public.

I would like, of course, to submit the longer statement for the record.

As you know, the 5-year systems modernization plan begun in 1982 is central to our current efforts to improve the speed and efficiency of all aspects of the claims process. The plan has already produced significant accomplishments that have translated directly into better and faster service to beneficiaries, including more prompt processing of claims for retirement and survivor benefits and quicker payment of increases in benefits due to additional earnings.

Now that we have had about 3 years of experience in systems modernization, we stand on the threshold of the most important part of the whole effort. We have managed to solve our most immediate systems problems and have made improvements in our systems management practices.

Over the next several years, we will be redesigning a number of major systems in order to increase productivity, accuracy, and our ability to manage the workloads. These changes will include redesign of the annual wage reporting process and implementation of the claims modernization project.

This project will yield important benefits in terms of service to the public, including the ability of field office staff, during an interview, to enter information directly into the system, to request any information in our records needed to process the claim, and to produce a paper copy of the application for the claimant to sign at that moment.

In addition, field office staff will be able to use the system to perform complex computations that are now both time consuming and error prone because they are done manually.

Our progress since 1982 in putting the systems modernization into place has substantially improved SSA's operating performance, despite the fact that, over the last 2 years, SSA's employment has declined by about 2,000 employees.

We believe that the systems modernization, along with procedural and management improvements, will continue to increase the productivity of SSA personnel sufficiently to permit us to do our jobs even better with fewer employees.

Our long-range productivity improvement efforts envision a reduction in SSA staff of approximately 17,000 positions between fiscal year 1984 and fiscal year 1990. I would like to emphasize, however, that our projections for staffing levels beyond fiscal year 1986 must be viewed as what they are—projections.

Only the changes in SSA staffing levels for fiscal year 1985 and 1986 are incorporated in the President's budget. Substantial further reductions in personnel will depend on our success in automating claims processing and in productivity and management improvements. Jobs will not be phased out until the new systems are in place and working well.

We expect that any long-range staffing reductions that may be warranted by productivity and management improvements can be accomplished through normal attrition. Although we contemplate a significant decrease in employment levels over the next 6 years, these reductions are well below levels of attrition the agency experienced in recent years due to normal retirements, transfers, and resignations.

We recognize that where reliance on attrition to accomplish the personnel reduction results in staffing imbalances between geographical areas or in job series, some employees will need to be retrained and/or relocated. As in the past, we will exercise extreme care and sensitivity to the interests of the employees whose jobs are affected.

The reductions we foresee are not concentrated exclusively in the field or in public contact positions. We intend to take a very careful look at all of our overhead and staff support positions in headquarters or wherever they might be located to ensure that they are contributing in a substantial way to the primary mission of the agency.

With respect to our management oversight of staffing patterns, our planning encompasses a wide range of initiatives, many of

which predate the current planning effort. One of these is the service delivery project, which is an effort to update and improve the quality of reviews that the agency has conducted for decades to determine whether its local offices are located in the right places, are of the right size, and offer the right range of services in an accessible manner. It is not a plan to phase out positions and/or to close specific field offices.

The project, which is the result of collaboration and consultation among SSA components nationwide, contemplates a review of SSA's entire field structure between now and the end of 1987. Our initial reviews will include specific field facilities and organizationally and/or geographically related offices, based on criteria that include, among others, office size, proximity, and accessibility.

Later reviews will take a somewhat broader perspective encompassing an entire region, a State, a county, or a city or some other area dictated by natural geographical features. After 1987, reviews will be conducted on a 5-year cycle.

I would like to stress that our cost-benefit analysis of service delivery will be a comprehensive process that takes into account not only the cost of the service we provide but also the needs of the people that we serve and our employees who provide that service.

Mr. Chairman, the improvements in productivity we contemplate fully support two fundamental SSA values—to administer the programs efficiently and effectively and to provide courteous, sensitive, and dignified service to the public. They represent a continuation of the Social Security Administration's management stewardship and in no way threaten the agency's proud tradition of public service.

Mr. Chairman, I would be pleased to answer any questions.

[The prepared statement follows:]

STATEMENT OF MARTHA A. MCSTEEN, ACTING COMMISSIONER OF SOCIAL SECURITY, SOCIAL SECURITY ADMINISTRATION

Mr. Chairman, I am pleased to be here today to discuss several issues pertaining to the administration of the Social Security programs in which the subcommittee has expressed interest. It is clear that any change in the way our programs are administered potentially affects the service we provide to the public, and we must be sure that any actions we take do not adversely affect the promptness, accuracy or courtesy of the service we provide to millions of people. Therefore, I appreciate the subcommittee's concern that any efforts to reduce the costs of administering the Social Security programs will not undermine SSA's quality of service to the public.

My testimony today will focus on SSA's recent accomplishments in improving service to the public, on the agency's plans for improving productivity and on our efforts to develop and implement a better process for evaluating SSA's field structure.

SERVICE TO THE PUBLIC: ACCOMPLISHMENTS TO DATE

As you know, the 5-year Systems Modernization Plan begun in 1982 is central to our current efforts to improve the speed and efficiency of all aspects of the claims process. The plan has already produced significant acomplishments that have translated directly into better and faster service to beneficiaries. For example:

Systems improvements now allow field offices to process about 25 percent of all claims for retirement and survivor benefits from application to receipt of the first check within about 1 week, compared with about 2 weeks under the old process.

Field offices may now enter SSN applications directly into the system and thus shorten the time from application to receipt of a Social Security care from 4-6 weeks to an average of 11 days.

More efficient data processing procedures now allow quicker payment of increases in benefits due to additional earnings.

Improvements in SSA's master beneficiary record processing permit us to make changes in this system, including changes of name and address, much faster than even before.

SSA's online data base was expanded to allow field offices to provide immediate benefit estimates for persons age 60 or older.

Now that we have had about 3 years of experience in systems modernization, we stand on the threshold of the most important part of the whole effort. We have managed to solve our most immediate system problems and have made improvements in our systems management practices. Over the next several years, we will be redesigning a number of major systems. Our emphasis will be on improving the usefulness of these systems in ways that will increase productivity, accuracy and our ability to manage our workloads so that we provide a high level of service to the public. These changes will include:

Redesign of the annual wage reporting process, allowing us to provide faster, more reliable earnings information not only to the Internal Revenue Service but also to our own operating components for more prompt and accurate computations and recomputations of benefit amounts.

Implementation of the Claims Modernization Project will provide field office employees who deal with the public with a new claims processing system that will use state-of-the-art data processing techniques. This project will have three major benefits in terms of service to the public. First, field office staff will be able to determine immediately the status of any claims or postentitlement actions within their control. Secone, field office staff will be able during an interview to enter information directly into the system, to request any information in our records needed to process the claim, and to produce a paper copy of the application for the claimant to sign on the spot. Third, field office staff will be able to use the system to perform complex computations that are now both time-consuming and error-prone because they are done manually.

PRODUCTIVITY IMPROVEMENT

In light of the activities described above, it is evident that changes in the way SSA does business are on the horizon. These changes will allow us not only to provide better service. But also to do so at a lower cost to the taxpayer. We believe that systems modernization, along with other procedural and management improvements, will continue to increase the productivity of SSA personnel sufficiently to permit us to do our jobs just as well, and in some ways even better, with fewer employees.

Our long-range productivity improvement efforts envision about a 20-percent reduction in SSA staff from the fiscal year 1984 level of about 80,000 full-time-equivalent employees to about 63,000 full-time-equivalent employees by fiscal year 1990. I am aware that SSA's plans to reduce its work force by as much as 17,000 over several years have raised concerns. In order to reassure you and those of your constituents who are understandably apprehensive, I would like to highlight the following points:

First, our projections for staffing levels beyond fiscal year 1986 must be viewed as what they are—projections. Only the changes in full-time-equivalent staff levels for fiscal year 1985 and fiscal year 1986 are incorporated in the President's budget recently submitted to Congress. Thus we have formally proposed only a 4.5-percent reduction in employment, from 79,951 to 76,349 fill-time-equivalent staff. Substantial further reductions in personnel will be dependent on how successful we are at achieving the transition to state-of-the-art automation of claims processing and in other productivity and management improvements in our operations. Each year when SSA prepares its detailed administrative budget for the upcoming fiscal year, the agency will assess whether planned changes in staffing levels for the upcoming fiscal year are appropriate given the state of agency workloads, achievement of automation goals, and other factors.

Second, although we contemplate a significant decrease in employment levels, that decrease would be realized gradually over 6 years. About 4,000 full-time permanent and 1,100 part-time permanent employees leave the agency each year due to normal retirements, transfers, resignations and so on. We therefore expect that any long-range staffing reductions that may be warranted by productivity and management improvements can be accomplished through normal attrition.

Where reliance on atttrition to accomplish the personnel reduction results in staffing imbalances betweeen georgraphical areas, job series, etc., some employees

may need to be retrained and/or relocated. Secretary Heckler and I agree that these expected shifts in staffing patterns must be made with extreme care and sensitivity to the interests of the employees whose jobs are affected. Jobs must not be phased out until the new systems are in place and working well. To deal with the costs of the impact of automation on the work force, we have requested special appropriations language for the fiscal year 1986 budget request. The language would give us permission to use an enlarged contingency reserve to meet these costs. Overall, we are convinced that the various systems and management improvements summarized in the productivity improvement plan will benefit SSA employees by helping them accomplish their mission more efficiently.

Third, I would like to emphasize that the reductions we foresee are not exclusively concentrated in the field or in public contact positions. We are already committed to a sizeable reduction in the number of staff support positions in headquarters, regional offices and program services centers. Over and above this substantial commitment, we intend to take a careful look at all of our overhead and staff support positions wherever they might be located, to ensure that they are contributing in a substantial way to the primary mission of the Agency.

Finally, it should be noted that, largely as a result of systems and procedural improvements, employment in the Social Security Administration has already declined by the full-time equivalent of about 2,000 employees during the past 2 years, without a reduction-in-force or total hiring freeze. During this time, large backlogs of work have been processed to completion and the public has been getting a faster response to its requests for service. For example, between the end of fiscal year 1982 and fiscal year 1984, pending retirement and survivors claims workloads in the program service centers decreased by 36 percent, and pending disability insurance claims workloads in the Office of Disability Operations decreased by 23 percent.

In summary, we forecast a continuation of the ongoing process of modernization and streamlining of SSA's operations. Although the projected change in overall staffing levels for the 6-year period fiscal year 1985 through fiscal year 1990 seems large at first glance—and indeed it appears to be an ambitious goal—when broken down into year-by-year figures, it represents a challenging, but we believe manageable, objective.

In addition, our plans are subject to modification, as any long-range plans must be, based on any number of factors which cannot be predicted accurately for such a long period. The allocation of the changes in staffing levels among components, functions, and work sites and the timing of the changes will be particularly open to refinement as modernization projects now in the planning stages are brought to fruition.

SERVICE DELIVERY PROJECT

As a broad outline for the direction in which SSA will be heading with respect to staffing patterns, our planning encompasses a wide range of management initiatives, many of which predate the current planning effort. One of these is the service delivery project.

The primary purpose of this project is to implement an ongoing, systematic and agency-wide evaluation of our field office structure to ensure that we are providing service to the public in the most efficient and cost-effective manner. The service delivery plan is an effort to update and improve the quality of reviews that the agency has always conducted to determine whether its local offices are located in the right places, are of the right size and offer the right range of services in an accessible manner. The new plan strengthens the existing procedures by establishing clear and uniform criteria for evaluating the effectiveness of SSA field facilities.

This project should result in economies of operation that are reflected in smaller outlays for personnel, equipment, and space, without compromising the quality of service. We believe that the service delivery plan will result in a more cost-effective field structure. It is not a plan to phase out positions or to close field offices. The plan has a number of important features that deserve special mention on which I would like to elaborate further.

First, the new review methodology is the product of collaboration and consultation among SSA components nationwide. It requires a careful and systematic examination of the way we currently do business in the field as well as other possible approaches to service delivery, and it allows regional officials to consider the particular characteristics and circumstances of the local areas within their jurisdictions. The description of the new methodology explicitly states that the best service delivery approach will vary from place to place, depending on local circumstances. The plan recognizes that such local factors as a large non-English speaking popula-

tion, the availability of public transportation, and even natural barriers that restrict travel need to be taken into account in designing a network of SSA field facilities to serve the population of a given area.

Second, with respect to the timing of reviews, the plan we have developed contemplates a review of SSA's entire field structure between now and the end of 1987. Initially, our reviews will focus principally on specific field facilities identified by the regional offices using screening criteria set forth in the service delivery plan as well as any other criteria the particular region may want to add. These criteria include office size, proximity and accessibility (with different standards applied in metropolitan and nonmetropolitan areas), and other considerations related to lease arrangements, management turnover and systems modernization needs. Offices selected for review using these criteria will not be reviewed in isolation, but as part of a group of offices that are closely related geographically or organizationally.

Our review process thereafter will take a somewhat broader perspective; the basic area of review may be an entire region, an SSA Area Director's area, a State, city, or county, or an area dictated by natural geographical features. Large review areas will enable us to see situations in which the area serviced by a single SSA office or a cluster of offices may need to be changed. For example, conforming service area boundaries to county or State lines may not make sense if the population distribution and patterns of travel and commerce make some other configuration more logical. After all areas have been reviewed nationwide by December 31, 1987, future reviews will be conducted on a cyclical basic, with all areas subject to review at least once every 5 years.

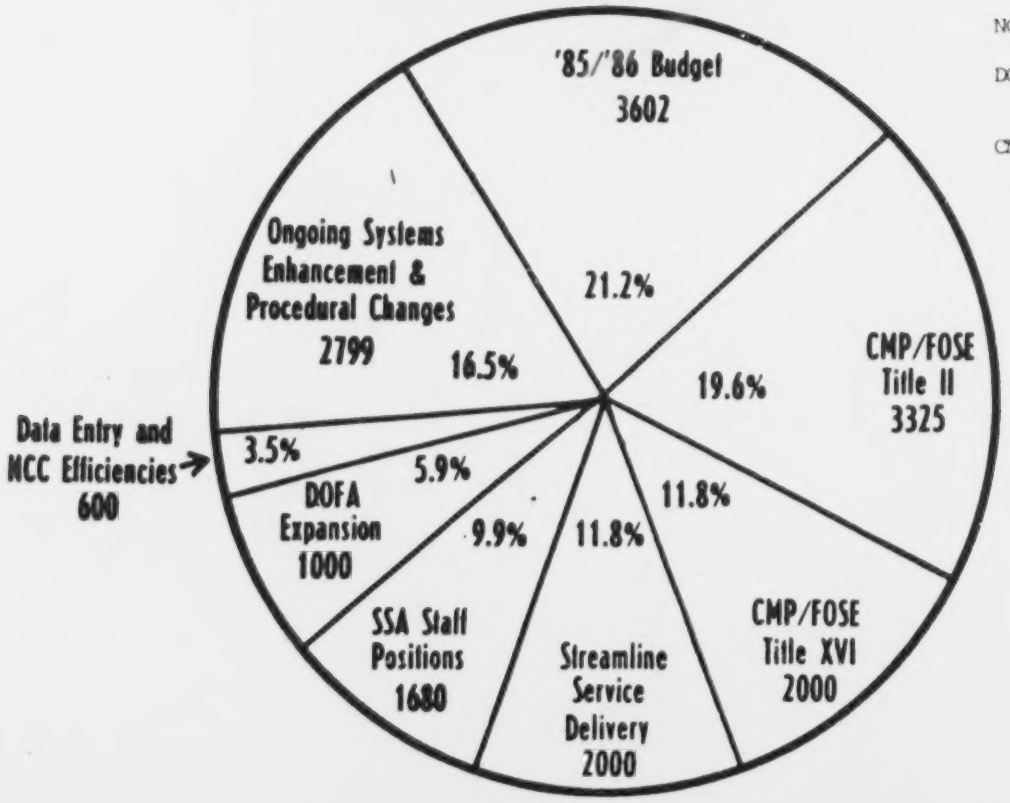
Third, an important feature of the service delivery plan is its emphasis on taking a fresh look at how SSA field facilities serve the public with an eye toward encouraging experimentation and promising innovations. The review methodology calls for a careful analysis of the advantages and disadvantages associated with the existing and alternative ways of delivering services in a given area. For example, it is our hope that advances in telecommunications and other technologies may offer us new opportunities to provide a high level of service to the public at a lower cost.

Fourth, a final feature of the service delivery plan that I would like to stress is the comprehensiveness of the set of factors to be considered as part of the cost-benefit analysis of each alternative approach to service delivery in an area under review. Both cost and noncost factors will be assessed. Cost factors include salaries of claims processing and management employees, rent for office space, fees for local, long distance and toll-free telephone service and staff travel expenses. Noncost factors include beneficiary travel time to offices, waiting times, operational concerns such as processing times for various actions, workflows, the need for changes in staff assignments and responsiveness to demographic issues such as shifts in population or concentrations of foreign or minority groups. Other management issues to be considered include effects on employees whose jobs might be redefined or relocated. Many other factors are spelled out in the service delivery plan, but regions conducting the reviews are not restricted even to this long list; they may take into account other cost and noncost considerations they deem important.

Thus the service delivery project fully supports two fundamental SSA values—to administer programs efficiently and effectively and to provide courteous, sensitive and dignified service to the public. Its primary purpose is to provide a sound management approach to our delivery of services through the systematic application of clear, uniform procedures for evaluation. Although the best service delivery approaches will very from place to place, the same important factors will be considered in evaluating service delivery all over the United States. The service delivery project represents a continuation of the Social Security Administration's management stewardship and it in no way threatens the agency's proud tradition of personal service to the public.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to respond to any questions.

AREAS FOR REDUCTION



NCC=National Computer Center

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Field Office Systems Enhancement

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Chairman JONES. Well, thank you very much, Commissioner. I appreciate your statement.

I have a few questions, and then I want to call on my colleagues and may wind up with a few more after they are through questioning.

One of the concerns I have is that this whole review by the regional offices was dictated by OMB as opposed to coming from the Social Security Administration itself. The sequence of events and what we know about it seems to indicate that OMB told Social Security to do certain things in December, and then in January, Social Security responds, and then in January, Social Security sends out to the regional offices a mandate to review and guidelines on different kinds of offices that should be closed or be candidates for consolidation or downgrading.

I wonder, first of all, what criteria do you have in trying to determine quality? How do you measure it? Do you have studies as to the length of time it takes a person to be processed through an office? What are your criteria, and how do you measure quality?

Mrs. MCSTEEN. Quality is a difficult factor to consider simply because measuring the quality of service is hard to do.

Periodically, we ask our offices to conduct, either through the regional office or through local offices, what they determine to be a quality review, to either sit in on interviews, to sit in the reception area, or to ask persons leaving the office how they were treated or how they fared.

Some of our managers, at random, call a person after they have been in the office to ask if the service was well received. We cannot put a dollar figure, as you would imagine, on that. But that is one way that we measure the quality of our service to the public.

Chairman JONES. In your communications with the regional offices, you didn't have any particular guidelines of quality of service that you gave to them? It was mostly in terms of distance and number of people?

Mrs. MCSTEEN. For assessing the need of an office and the service?

Chairman JONES. Whether or not it should be downgraded or closed.

Mrs. MCSTEEN. Yes; for decades, we have had guidelines. Our administrative guidelines have always provided the criteria for a manager or a regional office person to look at what goes on in a particular district or area.

Because we had not looked at the way we delivered service seriously for some 30 years—we have had district offices, and then we added branch offices and resident stations and contact stations—several months ago we decided it was time, in today's environment, to really look and see how we deliver services. Do we need more teleservice centers? Do we need a facility that does nothing but issue Social Security numbers? Should we have only a claims processing office or one that deals only with the public? We are constantly looking at the criteria.

The draft plan that was sent out—and the regional offices and some field people were involved in trying to come up with the criteria—was intended to formalize the process and to ask all regions to perform in the same way.

Some regions have been more aggressive than others in looking at the quality of service and how that service is delivered. This is a formal plan in which we are asking them to look at all offices within the next 3 years to determine the effectiveness of that office.

Chairman JONES. Now, as I understand it, the regional offices were to report back by sometime in February. Have those reports come in?

Mrs. MCSTEEN. No. The memo that will go out—and it is in draft right now, final draft—will ask them to give us a statement as soon as possible as to how many offices they feel they can look at by the end of this year and then to tell us what they are going to do within the next 3 years. We are asking them to look at all offices in their region in the next 3 years.

Chairman JONES. Am I mistaken that, in January, the memo that went to the regional offices with the criteria about what offices should be closed and consolidated, the regional people were to report back by February?

Mrs. MCSTEEN. That was a draft, and we asked them for comments, and those comments came back and are incorporated in what we are calling the final draft, which has not gone out yet.

I personally rewrote a great part of that memo because I felt it was important that my words be expressed, and in that memo I asked that there be flexibility; I asked that they consider service to the public, as we have always done; and I reminded them of our stewardship.

Chairman JONES. Can you share with the subcommittee the type of responses that have come back to this January memorandum?

Mrs. MCSTEEN. Nelson, do you have any specifics?

Mr. SABATINI. Generally, the responses that we received on the draft version that went out were supportive and favorable.

Chairman JONES. Let me see what you mean by that.

Mr. SABATINI. Pardon?

Chairman JONES. For example, the criteria of the number of people in an office that would make it an office to be closed, you say they are favorable to that?

Mr. SABATINI. Yes. The comments and the reactions from the regional offices were positive. The changes and the recommendations that came in from the regions were primarily editorial in nature, asking us to clarify some points, not requesting major, significant, substantive changes.

I would just like to point out, Mr. Chairman, that the draft very carefully says that there is no magic number in terms of criteria for closing an office. The draft says that in looking at all of our facilities, we want to start looking at smaller ones first.

However, it also is very careful to say that in many cases, the need for a small office will be evident, and it will be essential, and in those cases, the status quo can be maintained. We are not asking that changes or consolidations be made simply for the sake of changing and consolidating. We just want to make sure that what we have is sensible.

Chairman JONES. I thought your memo said that district offices and branch offices with a staff of 10 or less should be consolidated or closed or converted. If the staff size is 11 to 16, the office would

be reviewed for conversion, consolidation, or closing as would be offices of 16 to 25 located within 25 miles of another full-service facility.

Mrs. McSteen. Mr. Chairman, there were drafts, staff drafts, and a workgroup that came in to devise and formalize the plan. There were many writes and rewrites of that, and we have been hearing from all sides different statistics and different directives.

Chairman Jones. Are you saying that what I just read was not sent to the regional offices?

Mrs. McSteen. Yes. The draft sent to the regional offices says, "DO's and BO's with a staff of 10 or less should be consolidated, closed, or converted, for example, to resident station status, unless other considerations are overriding." And that is where the balance comes in.

Chairman Jones. And that is what I guess I am asking you or your colleague.

The positive response from the regional offices, was it positive that yes, they should be closed or consolidated, or was it positive that there are other overriding——

Mr. Sabatini. The response was yes, they should be looked at among the first group of offices that we look at. The response from the regional offices was yes, we agree that these are the offices we should look at first in terms of evaluating whether or not they should continue and should stay.

Chairman Jones. Let me try to pin this down. As I understand OMB's directive to you, it is that these offices and these staff reductions should occur in the fiscal year 1986 that starts in October. Is that right or wrong?

Mrs. McSteen. No. The directive that we had first started out with a passback of 19,000——

Chairman Jones. Well, let's take the 3,600.

Mrs. McSteen [continuing]. In 3 years, and we said that we could not live with that; we could not meet the reduction of 19,000 in 3 years.

Chairman Jones. Then it was changed to 5 years?

Mrs. McSteen. It was changed to 6 years—1985 through 1990—and 17,000.

Chairman Jones. Right.

Mrs. McSteen. Yes.

Chairman Jones. And 3,600, roughly, in the next 2 years?

Mrs. McSteen. Yes. But our normal attrition is around 4,000 full-time permanent employees each year and 1,000 part-time permanents. That is the normal attrition.

Now, I am not trying to say that that is the answer to it, but I am just saying that that is actually what we had planned, and our fiscal years 1985 and 1986 budgets did not consider any reductions resulting from improved service delivery.

Chairman Jones. Is that attrition normally higher or lower than other Government agencies, and how does that compare to most businesses? Do you know?

Mrs. McSteen. As far as the private sector overall, I don't have a figure for it.

Within government, our attrition, I believe, would be generally about the same, 4 to 5 percent in the professional grouping and about 15 percent in the clerical.

Chairman JONES. I am going to stop here and let my colleagues have some questions.

Mr. Archer.

Mr. ARCHER. Thank you, Mr. Chairman.

Commissioner McSteen, I want to state immediately that I generally support your proposed staffing initiatives. I believe that these staff changes can be implemented over a period of time for the overall good of the program, assuming that the Social Security Administration is committed to monitoring these changes against two standards, and that is the quality of public service and the fairness to the employees whose positions are eliminated.

I, personally, believe that efficient administration really is going to help the system because the trust funds and not general revenues pay for the operating costs, and so whatever we can save in an efficient way, we put potentially in the hands of the beneficiaries, and that is what we ought to be trying to achieve.

Along those lines, I would like to ask you just a few questions. Can you tell me what is the estimated ratio of administrative expenses to outgo for 1985?

Mrs. MCSTEEN. For OASDI, the administrative expenses are 1.3 percent of total trust fund disbursements.

Mr. ARCHER. And what about for the Medicare?

Mrs. MCSTEEN. Overall, the OASDI and HI administrative expenses would be about 1.4 percent.

Mr. ARCHER. So roughly the same there?

Mrs. MCSTEEN. Yes. For OASDI administrative expenses, the ratio is 1.3 percent; for HI it is 1.7 percent, and the combined ratio is 1.4 percent.

Mr. ARCHER. And that is a projection for 1985?

Mrs. MCSTEEN. You are right.

Mr. ARCHER. What does that amount to, roughly, about $2.7 billion, somewhere in that range?

Mrs. MCSTEEN. Our estimates are about $2.5 billion for OASDI and then around $0.9 billion for the SSI program.

Mr. ARCHER. Now, you say $0.9 billion for SSI——

Mrs. MCSTEEN. That is, of course, general revenues.

Mr. ARCHER. Right. Now, what savings do you project from roughly a 21-percent staff reduction?

Mrs. MCSTEEN. Over the period of time that we are talking about, through 1990, the cut would be about $1.4 billion. Now, we are talking about salaries there, and other personnel costs.

This would not include, Mr. Archer, the retraining or the relocation cost. We have budgeted for those kinds of costs through our contingency fund reserve.

Mr. ARCHER. Now, roughly, what are you budgeting there, so that we can try to come to grips with the net benefit to the fund?

Mrs. MCSTEEN. It is really impossible to project precisely what that figure might be, because it is going to have to be phased in as our systems modernization plan is implemented. That is why we asked for special appreciation language in the limitation account for the contingency reserve fund to allow us to use it for expenses

related to the impact of automation on the SSA workforce. Rather than ask for a large amount of money not knowing when we would use it in these out years, we have asked for language to allow us to use the contingency so that we could be accountable in a very disciplined way as we gradually phased out some jobs and moved to the new system.

Mr. ARCHER. Without trying to really pin you down but still to try to get some general idea, what would you believe is a fair target for a net savings after you have your retraining and your contingency fund expenditures? What is your goal? Let me put it that way.

Mrs. MCSTEEN. We project about $1.4 billion—let me ask Nelson if he has a figure.

Mr. SABATINI. I would think that, over the 6-year period, the approximate cumulative savings would be in the neighborhood of $1 billion.

Mr. ARCHER. $1 billion?

Mr. SABATINI. Yes.

Mr. ARCHER. Do your workload projections support these staff reductions? I assume the answer is yes, or you wouldn't be here testifying the way you are.

Mrs. MCSTEEN. You are correct. We have been somewhat surprised that some of our workloads really have decreased in the last year, and we really have worked hard to work the backlogs off.

We budgeted for about 4.9 million in 1984 for our retirement and disability claims, and we realized about 4.4 million claims.

Mr. ARCHER. To what do you attribute this smaller workload?

Mrs. MCSTEEN. Well, part of it to the economy and the increased interest of individuals in continuing to work in the labor market beyond age 62.

Mr. ARCHER. And as best you can project it, you think that is going to continue over the next 5 to 6 years?

Mrs. MCSTEEN. Well, we would assume that there perhaps will be a small decline from the budgeted level but not enough to make any major difference, maybe 4.7 million OASDI claims in 1985 as compared to 4.9 million that we had budgeted for in 1984.

Mr. ARCHER. What is the status of the representative payee accountings which were affected by the Disability Benefit Reform Act last year?

Mrs. MCSTEEN. You are right on target there. That is an additional workload, as you know, that we are implementing.

But we have accounted for and expected that to take place. We will be doing a great deal of that by mail, and believe that we can handle it within the budget that we have.

Other postentitlement activities are increasing. Our beneficiaries move about across the country. They start work, they stop work, they marry, they divorce, and all of those are postentitlement activities that require our attention. But all of those factors have been considered as we have prepared our budget for 1985 and 1986.

Mr. ARCHER. And both you and Mr. Sabatini are personally confident this will all work while providing at least as good if not better quality of service and also taking care of the personal interests of those staff people who are dislocated?

Mrs. MCSTEEN. There are some caveats that we naturally would include; that if there is major legislation that requires the Social Security Administration to take on new activities, we would need more money.

We are basing our plans on the assumption that this can take place, that systems modernization will move ahead, and that we will not have any glitches, and part of our agreement—and the Department is supporting us—in talking with OMB is that if there are major glitches in the system and we cannot move ahead as fast, then we would not abolish the jobs until we had the system in place.

So there are those kinds of caveats. But, otherwise, we stand ready to accept the stewardship role.

Mr. ARCHER. Thank you very much.

Thank you, Mr. Chairman.

Chairman JONES. Thank you, Mr. Archer.

Mr. Jacobs.

Mr. JACOBS. Mr. Chairman, I believe Mr. Donnelly and Mr. Coyne preceded me.

Mr. DONNELLY. You go right ahead.

Mr. JACOBS. Mrs. McSteen, I was somewhat surprised at your response to Mr. Archer's question about the cost of administration and the approximate parity between the cost with regard to Medicare and with regard to Social Security.

When you speak of 1.4 percent administrative cost in the Medicare Program, I have to believe you are not including the cost of the intermediaries. Do you include that?

Mrs. MCSTEEN. The ratio of 1.4 percent is the combined ratio for the OASDI and HI trust fund, including the cost of the intermediaries.

Mr. JACOBS. Do you have a figure on the overall administration of the Medicare Program in terms of percent of the budget?

Mrs. MCSTEEN. I do not have here HCFA's percentage. We can submit it for the record.

Mr. JACOBS. Yes, I think it might be good to have that. Obviously, it is far more complicated than the administration of, really, the payment of what amounts to something like annuities.

[The information follows:]

For Medicare (HI and SMI combined) the administrative cost is 2.4 percent of total expenditures for 1985. For Hospital Insurance alone, including the intermediaries, the figure is 1.7 percent.

Mr. JACOBS. Did Mr. Archer, Mrs. McSteen, inquire about the administrative costs in terms of percentage of budget on disability?

Mrs. MCSTEEN. Yes. The 1.3 percent does address the combined RSI and DI trust funds. That 1.3 percent would be the ratio of administrative expenditures to total trust fund disbursements. That is what our actuaries show.

Mr. JACOBS. And that includes the State activities as well with respect to the disability insurance?

Mrs. MCSTEEN. Yes.

Mr. JACOBS. Thank you very kindly.

Mrs. MCSTEEN. Yes.

Chairman JONES. Mr. Daub.

Mr. DAUB. I may be just a little redundant.

Commissioner, it is good to see you again.

Mrs. MCSTEEN. Thank you.

Mr. DAUB. I want to get this very clear from my perspective. I want to talk about protections that you plan to extend to employees whose positions are abolished.

Mrs. MCSTEEN. Right.

Mr. DAUB. First, I am correct now that it should be this committee's understanding that the intent is to accomplish the reductions through attrition, not RIF's?

Mrs. MCSTEEN. That is correct.

Mr. DAUB. Attrition usually involves more lower graded than higher grade employees. Your plans for streamlining service delivery in the field will result in the elimination of some branch manager and assistant manager positions, and several hundred authorizer positions are scheduled for elimination when more initial claims are authorized in the field.

We have a range of grades from GS–10 to GS–13, I think, in this category. How are you planning to absorb them, especially in view of the 15-percent overall reduction in staff positions?

Mrs. MCSTEEN. There are no specific positions that have been earmarked to be eliminated. The only one that I know of that might actually be eliminated is what we call our data review technician.

As we enter all of our computations into the system, we do not anticipate a continuing need for that particular position, which is located in the field offices.

We are already looking at and using an alternate position that will cause these people to be able to do the additional work or the different work at the same grade. So that is the kind of thing we are trying to identify and retrain for as we move ahead.

If a branch office is actually eliminated, then an issue arises as to what happens to the branch manager. We, in the past, have either maintained that branch office until the branch manager was at a location that he or she wished to move to or accepted a lower grade.

You mentioned the claims authorizers. As we gradually move toward the district office final adjudication, it is possible we will no longer need that function, nor the support function. But there are other duties within the program service center that we believe that we would use those persons for.

Certainly, with the modernization of our offices and the greater use of word processors in these offices, we are finding that we need less clericals, and we do have a high turnover with our clerical staffs.

Mr. DAUB. Are you planning to protect grade and pay as these movements occur?

Mrs. MCSTEEN. We will do whatever is legal. We will try to do so, following the legal guidelines.

Mr. DAUB. And is the pie that has just been——

Mrs. MCSTEEN. Delivered.

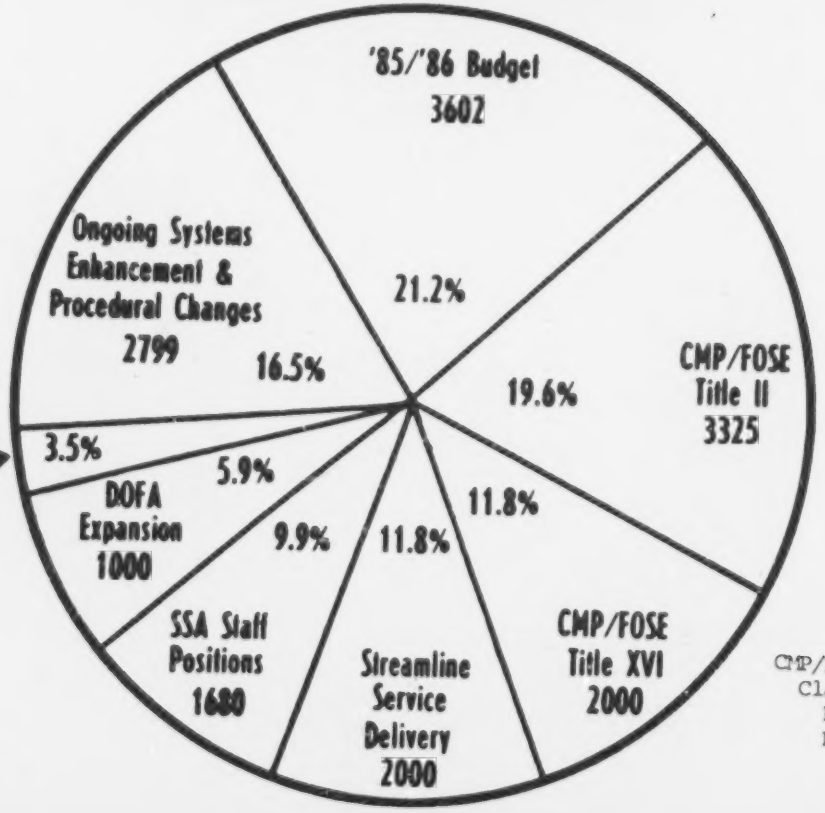
Mr. DAUB [continuing]. Delivered and set up on the three-legged easel—so the record reflects some of the activity at the hearing—a

distribution of these areas of reduction at least as you foresee your planning up to this point?

Mrs. McSTEEN. This is our projection, and we brought this chart because the pictorial projection does indicate that it is in fact a projection, one, and two, that we are moving cautiously to address this in each of the pie elements, starting off with what was in our 1985 and 1986 budget preparation to begin with, and then, moving around.

[The chart follows:]

AREAS FOR REDUCTION



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Mrs. McSTEEN. The CMP/FOSE is the claims modernization plan, and the field office system enhancement, and you see in the chart not only the percentages but also the number of full-time equivalent positions that we believe would be affected in the out years.

Mr. DAUB. I want to just pursue one other line of questioning. I would like to talk with you a little bit about service delivery.

Mrs. McSTEEN. Right.

Mr. DAUB. I understand that you have asked the regions to conduct a review of perhaps as many as one-third to one-half of all field offices by December 31, 1985, this year. Is that correct?

Mrs. McSTEEN. No. That was in the draft, that we asked that certain offices be looked at by December 1985. I felt that we should have more flexibility in the plan, and now we are asking the regions, depending upon their capacity, personnel capacity and travel money and so forth, to let us know how many offices they can look at, but to begin the cycle now and certainly to have it completed by the end of the 3 years.

Mr. DAUB. By the end of the 3 years?

Mrs. McSTEEN. Yes.

Mr. DAUB. All right. Well, that will break down—it will not be, then, this complete one-third review in 8 months. You are going to try to cycle this over a 3-year period?

Mrs. McSTEEN. That is right.

Mr. DAUB. Region by region.

Mrs. McSTEEN. And then on a 5-year cycle.

Mr. DAUB. Will you explain how the class of an office—that is, a class 1 or a class 2 or a branch or even a resident station—relates to the quality of service delivery? From a beneficiary perspective, what is the significance of downgrading, as opposed to eliminating, the local office?

Mrs. McSTEEN. Our district office and our branch office would offer the same service, the same quality of service. In our resident stations, where we have perhaps only two people, the quality would be the same. The difference is that we do the interviewing in the resident station, and the actual processing and the details of completing those claims, adjudicative functions, are done in the parent office, which may be the branch or the district office.

At the contact stations, we do the interviewing, the gathering of information; and the finalizing of any action, then, is taken in the parent office. But the quality of the service is the same.

We consider that all of our offices are full-service offices, even the teleservice center, because if the teleservice person cannot accomplish everything that the caller wants, the caller is properly referred to, again, the parent office.

Mr. DAUB. I just wanted to thank you very much for that testimony and let you know that I generally favor the objective and the approach, and I want the caveats to be quality of service and availability of service, with personal help when people need it, which is critical to me.

But I do think these things fit the general trend that Government ought to be looking at. It is efficient for the taxpayer; it is efficient to delivery service to beneficiaries; and I indeed think it is

to your credit that this very serious but very sensitive work is being undertaken.

Mrs. MCSTEEN. Thank you.

Mr. DAUB. Thank you, Mr. Chairman.

Chairman JONES. Mr. Donnelly.

Mr. DONNELLY. Thank you, Mr. Chairman.

Commissioner, have you seen this memorandum that has been circulated by the Select Committee on Aging regarding the offices most likely to be closed and the offices most likely to be downgraded by State? Are you aware of this?

Mrs. MCSTEEN. I am aware that that exists.

Mr. DONNELLY. Have you seen it, and could we have an analysis—have you had an opportunity to take a close look at it?

Mrs. MCSTEEN. Well, the only thing that has been done in that memorandum is that offices have been listed by their size. That came as a result, I perceive, of people attempting to reinterpret our directive to look at all offices and our suggestion that small offices might be looked at first; that is where that kind of document could come from.

It is simply a list of offices by the number of people in those offices. It has no meaning as it relates to what we are trying to do with the service delivery. We have no intent to close any specific office. We have every intent of looking at the service delivery of all offices.

Mr. DONNELLY. So as I understand your answer, then, all offices are on the table.

Mrs. MCSTEEN. That is right.

Mr. DONNELLY. These and every other office?

Mrs. MCSTEEN. That is right.

Mr. DONNELLY. As I understand the administration's budget request, they are projecting a cut of 17,000 full-time positions to be achieved over a 6-year period. That would be the equivalent of a 21- to 22-percent cut in total staffing levels at the administration.

I guess my question is—and I am somewhat skeptical that we can continue to deliver the type of service that is necessary to the aged and the disabled beneficiaries if we cut staff levels by 21 percent, and I think that is the critical question. That is the Rubicon that is going to have to be crossed to have the Congress go along with this sort of recommendation.

Mrs. MCSTEEN. Yes. We realize that this is a very great management challenge for this organization, but it happens to come at a time when we are on the brink of really moving into a modern state-of-the-art operation.

As you know, for all these years, most everything we have done in field offices has been manual, entered by hand or maybe typewriter. We are just now opening two model offices, offices that have a systems capacity, so that the interviewer is able to enter the information into the terminal, have it stored in our central computer, and retrieve information and in fact complete the application on the spot.

It is that kind of activity that is going to make a difference in how we deliver services, but, we believe, all for the better.

Our greatest problem, really and truly—and I think what you are getting at is very proper—is the imbalance of staffing, and we

certainly recognize that as one of the greatest problems. An office can lose five people, but we maybe cannot recruit five people for that area.

Mr. DONNELLY. It has always been my opinion that the strength of the Social Security Administration has been the dedicated field staff, because no matter what is said in Washington about, well, they are going to cut the COLA's; they are not going to cut the COLA's; there will be a reduction here; there will be a reduction there—the people call your field and your district offices.

Frankly, the morale—and I will just speak for Massachusetts at this point—the morale of those people is at an all-time low, your front-line employees, regarding the viability of their employment in the system just not even a few years down the line—next year—and I think you have to move very quickly to let these people and the Congress know specifically what the plans are, who is to be cut.

I am afraid and skeptical again that, as usual, when we are looking to cut administrative costs in Government, we continually cut the field service, the smallest employee, while the management levels—and you have seen it time and time again—grow and grow.

I guess my question is, of this 21-percent potential personnel reduction, what percentage will be in the field service, online people who deal directly with the elderly and the disabled, and what percent are going to be in your regional offices, in your management offices, and the people that sit around and make directives and policies?

Mrs. MCSTEEN. Well, you ask the question of someone who has, perhaps, more sympathy with the field than with the headquarters, since that is where I have spent my lifetime working.

I believe you heard in the opening statement the concern that we have for the operation in headquarters as well as in the field. The projections that we have on the pie chart do indicate what we are trying to do in the field organization, and that is the 2,000, the 11.8 percent of projected staffing reductions resulting from streamlined service delivery.

We are talking about in the outyears. We are still not talking about 1985 and 1986. I submit to you that we have not done as good a job as we should have done in——

Mr. DONNELLY. There will be no personnel reductions in 1985 and 1986?

Mrs. MCSTEEN. No, I didn't say that; but there will be no personnel reductions beyond what we have already budgeted. But I am saying that none of the service delivery impacts or the cutback of the 17,000 will be different from what we normally have done.

When you talk about 2,000 employees between now and 1990, and you talk about 10 regions, one way that the reduction could take place, even if you leave all offices as they are, is through the downscaling of an office—for example, if you need 20 people and you have 30 people there.

Mr. DONNELLY. If you freeze employment, if you freeze hiring over the course of the next 6-year period, what number employee reduction will you have at SSA?

Mrs. MCSTEEN. Well, we are not planning on placing a freeze. We have had a freeze on certain staff positions. We are considering having a freeze on staff positions. We have actually increased our

staff positions in the systems area because it was needed, and we will do that on an ongoing basis.

We plan, in 1985, to be able to recruit one for two vacancies; in 1986, three for four.

Mr. DONNELLY. So you have no plans for a freeze?

Mrs. MCSTEEN. Unless it is at the staff——

Mr. DONNELLY. Through natural attrition, what would the projection be through natural attrition between now and fiscal year 1990, the reduction in employment levels at SSA?

Mrs. MCSTEEN. Well, we are talking about 5,000 a year, so we would be talking about 20,000 from fiscal year 1987 through fiscal year 1990.

Mr. DONNELLY. So that would be over the 17,000 goal. Through natural attrition, you would lose 20,000 employees by fiscal year 1990.

Mrs. MCSTEEN. Well, 30,000 over the 6-year period, including fiscal years 1985 and 1986.

Mr. DONNELLY. Six-year period.

Mrs. MCSTEEN. If you count the sixth year, it would be 30,000.

Mr. DONNELLY. So there would be no need to lay off anybody to achieve your personnel reduction goals?

Mrs. MCSTEEN. That is what we are hoping for. However——

Mr. DONNELLY. You wouldn't mind us mandating it, then, if you hoped it.

Mrs. MCSTEEN. We hope that we would be able to do it, but we recognize that we would have to move some people from one location to the other, and that is only what we would expect in a normal operation.

Mr. DONNELLY. Well, let me just say, Mr. Chairman, I look forward to working with you, Commissioner, and your staff.

I have spent the last few weeks talking to people that work in field service offices, that work on the direct line with the elderly and the disabled, and there is a real morale problem out there, Commissioner. I think it is critical on the administrative end that there be open lines of communication between those people that work in your service, that have dedicated their careers to working with the elderly and disabled.

Mrs. MCSTEEN. I understand.

Mr. DONNELLY. I just don't—and I have never been able to understand, at least over the course of the last 4 years, how you get better productivity out of employees by constantly holding these daggers of job loss over their head, and I would hope that you would deal with this in the most sensitive basis.

You are dealing with individuals and human beings whose job directly is to deal with the most sensitive areas and people in our society, the elderly and the disabled, and that is just a critical piece, and I am talking about personnel management, and that is going to be the most critical piece of any modernization of the system.

Mrs. MCSTEEN. I agree with you. I appreciate your comments.

Mr. DONNELLY. I look forward to working with you.

Mrs. MCSTEEN. Thank you very much.

Chairman JONES. Mr. Gregg.

Mr. GREGG. Thank you, Mr. Chairman.

To what extent are the reductions in the field offices due to modernization? Do you have a percentage that you can fix on that, a number?

Mrs. McSteen. Yes. As we move ahead with our title II OASDI—that is modernization—we would project around 3,325 positions throughout the organization. All of that would not be in the field.

Mr. Gregg. What percentage of that would be in the field?

Mrs. McSteen. Well, the majority of this 19.6 percent would be in the field, but the support staff for those persons would come from headquarters, 1 or 2 percent, probably.

Mr. Gregg. Well, are we saying that the majority of the 3,325 are field people?

Mrs. McSteen. Field people meaning program service centers and/or field offices, yes, through 1990.

Mr. Gregg. And is all of the streamlined service delivery, that 2,000 figure, field people?

Mrs. McSteen. Generally, yes.

Mr. Gregg. So what you are saying is that there are 2,000 people in the streamlined service delivery area. Is the CMP group also field people, the 2,000?

Mrs. McSteen. Field people if you are considering program service center people in that, which we do.

Mr. Gregg. So the streamlined service delivery, the CMP people, are going to be knocked out not as a result of systems improvements but because there are simply too many of them?

Mrs. McSteen. The claims modernization is a part of the systems modernization plan, and it is through the systems modernization—and we are calling that phase of it the claims modernization—where the computations will be done on the computer rather than manually.

Mr. Gregg. So you have two systems modification eliminations. You have 3,325 and 2,000, or some high percentage of the 3,325 plus the 2,000. Those groups, just relative to field people, are going to be eliminated as a result of improved technology, is that correct?

Mrs. McSteen. We are projecting that.

Mr. Gregg. And then the 2,000 people are the extras. They are just people that you simply don't need any longer in the system because there is overstaffing?

Mrs. McSteen. Well, that and the overhead staff that we would have in headquarters that would be supportive of the field.

Mr. Gregg. I just wanted to get a feel for how much of this is due to modernization of systems and how much is due because you've got people that you simply don't need any more because there is too much staffing.

Mrs. McSteen. Well, you are right that we do need to take a look at the numbers of people. We are not saying that we don't need the people that we now have, because certainly neither the systems modernization plan nor the claims modernization plan, is in effect, and it is only as the outyears come into play that we would be able to say that we don't need certain positions and certain persons.

Mr. Gregg. Yes, I think we understand that.

I noticed, in the Grace Commission report, that they made the representation that many—and they used the term "many"—SSA

managers have submitted consolidation plans which have been rejected due to political considerations.

First, do you agree that that is an accurate representation by the Grace Commission?

Mrs. McSTEEN. That many consolidations have been——

Mr. GREGG. Many SSA managers, your management people, have submitted consolidation plans, I assume over the years, that have been rejected basically for political considerations.

Mrs. McSTEEN. I don't know the detail of that. I know that we have always asked our managers to send in their requests for upgrading or downgrading, and in the headquarters we do make that decision of whether to open new offices.

Part of the consideration of whether to maintain an office, to close it, or to open one, is how the community would react, and if the community says our population is old, is illiterate, is immobile, or has a great many disabled persons, all of these things enter into the final decision.

So I would say that political influence is a part of an overall assessment of whether the office is consolidated or broken up. Where do you deliver the best service? How do you find out? You generally go to the community and ask.

Mr. GREGG. So you are saying that one of the criteria you are going to apply is political?

Mrs. McSTEEN. It is not a criterion. There are about 25 to 30 issues that come up normally, some of which I have just mentioned, and one important one is who makes up the population in that area, and what are their needs, and how do we service those people? Do they have telephones? Do we need to have more offices in the area?

Part of the consideration is, what does the community provide? What is the norm for that? If you want to say that that is a political sensitivity, then that is a part of it.

Mr. GREGG. Well, I think the Grace Commission was a little more specific in defining political sensitivity. They were saying, "Closing 4,352 offices"—again, I am quoting from the Grace Commission—"in congressional districts across the Nation has political ramifications which tend to overwhelm the financial benefits no matter how obvious they may be." Do you agree with that statement?

Mrs. McSTEEN. Well, no. Actually, what happens when we go to the congressional office, our local manager goes, and says this is what we have found. It costs $374,000 to maintain this office. The workloads are not there. We propose to downgrade this office and be able to manage it for something like $50,000. Do you disagree?

We have not gone to a Congressman who has not agreed with the facts, because every person we have dealt with is sensitive to the cost as well as the delivery of services.

Mr. GREGG. Do you plan to produce that sort of information for every office that you are going to downgrade during this rather extensive downgrading?

Mrs. McSTEEN. The cost?

Mr. GREGG. Yes.

Mrs. McSTEEN. Of course.

Mr. GREGG. And go to each Member of Congress with that information?

Mrs. MCSTEEN. We go to the congressional staffs. We don't always get to the Representative himself or herself.

Mr. GREGG. Well, I think that is good. I strongly encourage you to do that but also to, hopefully, not take political considerations as seriously as you might take some of the other issues, a political consideration being defined as a Member of Congress' concern about the number of offices in his district.

I notice that other Members have testified today that 75 percent of their offices will be closed in their district. Seventy-five percent of my offices, if you use this Aging Committee report—which I think it highly suspect, obviously—would also be impacted dramatically, but I am much more interested in an efficient, effective, and well-delivered service at a reasonable cost than keeping offices open simply because they are in the district.

I hope that, as you move forward, you will promote the philosophy that we are looking at delivering service, and we are looking at delivering it efficiently, and we are looking at a major modernization which, by your terms, represents over two-thirds of the savings in people in field offices. I would encourage you to look at those considerations first before you have to deal with the political ramifications of coming to a Member of Congress and closing his or her offices, because I do think that you are on the right track, and I strongly endorse your efforts.

Mrs. MCSTEEN. Thank you very much.

Chairman JONES. Thank you, Mr. Gregg.

Mr. Coyne.

Mr. COYNE. Thank you, Mr. Chairman.

Commissioner McSteen, do you have any estimates of what it will cost the administration in severance pay, and to transfer employees, to close offices and to pay for early retirements, if these cuts take place,

Mrs. MCSTEEN. We are currently working on a plan regarding relocation. We hope to be in a position, if we ask someone to move, that we would be able, under the new GSA rules, to reimburse them for the sale of their house, that sort of thing, which we have not had in the past.

We do not have any severance pay cost estimated because we do not expect to run any RIF's. That was part of our agreement with the OMB, that we would not run RIF's, so we do not expect the severance issue to come up.

Mr. COYNE. Well, of course, in response to Congressman Donnelly, you said that you would hope that there would not be the necessity for that, but in the event that there would be, obviously, there would be additional costs along with these other costs that I have asked about.

Mrs. MCSTEEN. I was referring to relocation when I spoke to Mr. Donnelly, not severance. Severance would come if we said, "Your services are no longer needed, and therefore, you are terminated."

Mr. COYNE. What about office closings and possibly early retirements of employees who may not want to be relocated and such things as that? Is there any study of these issues, or have you just not got around to it?

Mrs. McSTEEN. We have a number of the grade 15's and the SES position persons who are eligible for early out. The total number I do not have at my fingertips this morning. But we have that information.

Mr. COYNE. Well, my concern is that the savings that you estimate you will realize as a result of your efforts here will be outweighed by the total costs of doing it, and it would seem to me that you would have to have some figures that indicate what the cost of your reorganization will be.

Mrs. McSTEEN. Yes. Well, that is right, and we have to do that year by year as we have a better indication of how many people we are really talking about.

In 1985 and 1986, we should not face any such problems because, through attrition, and through the budget which allows hiring one for each two new vacancies in 1985 and three for each four vacancies in 1986, we should not have those problems—the additional costs.

The training costs and the relocations costs will be drawn, we trust, from the contingency fund, and we are working to try to put together the cost of such an activity. It depends on whether you are talking about 100 jobs in headquarters, and you are moving those people from one floor of a building to the next. There would be no relocation cost, but we would consider that relocation because it was a different job.

Mr. COYNE. On another subject, relative to this document from the Select Committee on Aging, you indicated that this is not a list of offices that have been determined to be closed.

Mrs. McSTEEN. That is right.

Mr. COYNE. But, on the other hand, they apparently have used your draft service delivery methodology to come to the conclusion that these offices are the ones that would fit into your criteria for closing.

Now, the thing that concerns me, I don't know how many offices you have in the congressional district that I represent, but if I were to pick out two of the lower income neighborhoods in the district, I couldn't pick out two any lower than the two that are on this prospective list.

I just wonder if those criteria are developed or skewed to the point where that is in fact what is going to happen, that the lower income neighborhoods are going to be the ones that are going to have the offices closed. I would like for you to comment on that.

Mrs. McSTEEN. Our service delivery evaluation requires looking at all offices to determine the need and the extent of their delivery of services.

We suggested that the offices be looked at in terms of categories, looking at small offices for efficient and economical delivery of services and effective services.

In looking at a small office, you normally are looking at a service area, which may include a district office and two branch offices or three branch offices. We have said look at the total service in that area.

The list again, I must insist, is a list of offices by their numbers of people within. It has nothing to do with the total evaluation of whether that office closes or it remains open, whether we increase

or decrease staff. We are going to look at all offices in the next 3 years, and you have to start somewhere, and normally you start with a small segment and look, and that is our plan.

Mr. COYNE. Well, I just want to go on record as saying that I would be very disappointed if in fact, when the offices are closed, it turns out that they happen to be in the neighborhoods that are the lowest income neighborhoods in a congressional district.

Mrs. MCSTEEN. That is not going to happen. It has never happened in the past, and we don't intend to change our position.

Mr. COYNE. Thank you very much.

Chairman JONES. Thank you, Mr. Coyne.

We have been joined by a couple of our colleagues who are not on the subcommittee, one of whom is on the full committee and chairman of the Public Assistance Subcommittee, Mr. Ford, and the other a new Member from Pennsylvania, Mr. Kanjorski.

Mr. Kanjorski has a statement which will be included in the record.

I understand you have a couple of questions that pertain to your district that you would like to ask. I would ask that they be brief because we have several panels to go, and we are going to go through lunch to try to complete this phase of the hearing.

Mr. KANJORKSI. Thank you very much, Mr. Chairman, and thank you for granting my unusual request to sit. But I had to take this opportunity because we have, over the last 6 weeks, attempted to go through normal channels at HHS and have been refused access to the Social Security Administration.

Madam Commissioner, I represent the 11th Congressional District of Pennsylvania, and we have a major processing center, and I have more than 1,000 employees in my district and many, many thousands of recipients of Social Security benefits.

Over the last 5 to 6 weeks, I have been requested by my constituents, both the employees and some of the beneficiaries, to have a status report as to their jobs, the status of the processing center itself, and I have attempted to meet with people from the Social Security Administration.

For those purposes, I have gone through the channels of the Health and Human Services Congressional Liaison Office and have been flatly refused the opportunity to meet with anyone from your agency.

Now, my question is: Is that the policy of the Social Security Administration, to refuse to meet with a Member of Congress who has constituent problems in the thousands?

Mrs. MCSTEEN. So far as I know, we have never refused to meet with anyone, whether it be a congressional Representative or whether it be with a claimant or a member of the public who wanted to talk.

Regarding the facility itself, we have been trying for 8 years to improve the environment in which we house the people and their work in Wilkes-Barre. We are located in three different buildings. It is a labor-intensive operation, as you know—many, many folders and movements.

We presented our space needs off and on, during these 8 years, in dealing with GSA. In dealings regarding the space, we have left to

the GSA all of the responsibilities that they hold regarding the acquisition of that space.

I am sure there must be some misunderstanding if you have asked to talk with the Social Security Administration about any workloads or any of your constituents' concerns as it relates to social security itself, and I am sure the Department and we would be happy to meet with you on matters relating to what I have just explained about employees or service.

Mr. KANJORKSI. Mr. Kieffer of the HHS Congressional Liaison Office has related to my staff, after four or five requests, that former Representative Larry DeNardis has personally made the decision not to meet with me. Is that incorrect?

Mrs. MCSTEEN. I cannot speak for Mr. DeNardis. He is with the Department, highly regarded, and I am sure if the cause that you are concerned about is clearly explained, and it is a program cause, that we can and should meet with you. If it is related to an issue over which we do not have control, such as a GSA endeavor, then I certainly would say that we would not be able to speak for GSA.

Mr. KANJORKSI. Well, the purpose of my meeting was clearly set forth to the Liaison Office. It involves more than 1,000 employees and thousands of people who will be affected by this cutback, and it was on that basis that I desired to have a meeting, and that request was made.

Now, I ask the question, based on that fact, the purpose for which I wish to meet with representatives of your agency, will you in fact meet with me or have someone knowledgeable who can give me determined answers and final answers to some of these questions? Can you designate them to meet with me?

Mrs. MCSTEEN. Yes. I will be glad to discuss it with Mr. DeNardis, and we will be able to meet with you on any issue concerning employees. Again, I restrict my agreement, eliminating any GSA prerogatives that are involved in any space acquisition activities.

Mr. KANJORKSI. Madam Commissioner, turning to that point, now that I have your agreement that you will meet with me on the employee question and on the beneficiaries question, there has been the question of the processing center in Wilkes-Barre, and I understand that OMB requested the Social Security Administration to reconfirm the need for building space in Wilkes-Barre, and the 3-week period in which that status report was to be made has now come due. Could you tell me what the status of the social security building in Wilkes-Barre is?

Mrs. MCSTEEN. We have submitted to GSA all of our requirements, and so far as I know we do not have anything outstanding.

Mr. KANJORKSI. Have you reported to OMB?

Mr. SABATINI. Congressman, we are meeting with OMB and have furnished them a great deal of information related to the issue of consolidating space. We still believe, and we can make the case, that the Wilkes-Barre operation should be in a single consolidated location.

The question of how that space will be provided—a new building or another structure or something like that—is really a GSA question.

Mr. KANJORKSI. I know, but there was supposed to be a status report within 3 weeks to OMB, and that was more than 3 weeks ago. Has that been done?

Mr. SABATINI. We have been meeting with OMB, and we have provided most of the information that they have asked for, and we are putting together a final packet of information that should be going to them, certainly within the next week or so, on the issue of justifying the need for a consolidated location.

Mr. KANJORKSI. My final question, Madam Commissioner. In regard to the contracting out of services, are there any jobs or services performed in the Wilkes-Barre building scheduled to be contracted out?

Mrs. MCSTEEN. No.

Mr. KANJORKSI. So there will be no effect on the employment level in the Wilkes-Barre office. Is that correct?

Mrs. MCSTEEN. I did not say that. I said that we did not have any positions there scheduled to be contracted out. We are looking at all jobs in our organization in terms of can we best manage this or can a contractor best manage. Whenever there is an activity that we feel can be contracted out, we do a management study of that, and if we cannot provide that operation as well and as cheaply as a contractor, we consider contracting out.

Mr. KANJORKSI. Has that study been made?

Chairman JONES. Let me suggest, Mr. Kanjorski, that any additional questions you have, we can submit them for the record, and I would be more than happy to help arrange any meeting with Mr. DeNardis or others on your particular situation.

I think we are going to have to move along because we have several panels waiting to testify.

Mr. KANJORKSI. All right. Thank you very much, Mr. Chairman.

Chairman JONES. Thank you.

Mr. Ford.

Mr. FORD. Mr. Chairman, I don't have any questions. I really wanted to just come in and to be a part of the subcommittee session today.

As a member of the full Committee on Ways and Means, I had an opportunity to meet with Mr. Sabatini yesterday in my office. I am concerned simply because of the reduction in the personnel staff of the Social Security offices in my hometown, in Memphis. We have had a reduction of about 30 percent of the staff already. I am concerned as to what this committee will be doing as it relates to the proposed budget cuts and as it relates to the reduction of staff in the Social Security Administration.

Mr. Chairman, I have no questions but just wanted to be a part of the session.

Chairman JONES. Well, I thank you very much.

From this member's point of view, I don't want to leave any impression that we are unalterably opposed to any kind of reductions or consolidations. I think we have to constantly look at the management and the operations of any system.

What has concerned me is that this was an idea that was cooked up at OMB, as your colleague from Massachusetts, Mr. Conte, says, "by the great slasher". It was devised without any regard to delivery of services, quality, and that sort of thing, and that Social Secu-

rity sort of was pushed into an act to say how can you justify getting rid of so many slots or so many offices. If that is the motivation, then we are going to be very concerned and want to stay on top of this.

On the other hand, if you can justify the closing of offices or consolidation of positions and still have the quality of service, you are not going to find any opposition here.

I am concerned about the timeframe. As I understand your testimony, what OMB laid down to you, which was a reduction of 3,600 jobs in the next 2 years, and potentially a consolidation of offices. You would move on the proposal even though you have this ongoing review over the next 3 years. It appears that you are going to try to live within OMB's directive of job reduction within the next year. Is that correct?

Mrs. McSTEEN. No. The 17,000 actually is looking at how we are going to deliver services in the future.

Chairman JONES. That is a 5-year projection. The 3,600 is what I am zeroing in on right now that affects the 1986 fiscal year that starts in October.

Mrs. McSTEEN. Yes, but that is what we had projected in living within the President's budget for 1985 and 1986, before the 17,000 come under consideration. That was what we projected we could live with for 1985 and 1986.

Chairman JONES. All right. Well, I am sensitive to the other people who are here to testify and do not want to take too much time on one witness.

I do thank you very much, Commissioner, and we will be back in touch with you. Thank you.

Mrs. McSTEEN. Thank you, Mr. Chairman.

Mr. JACOBS. Our next panel will be from the General Accounting Office, Mr. Joseph Delfico, the Associate Director of Human Resources, Andrew Kulanko, and Thomas Smith.

Will you take your places, gentlemen, please.

Chairman JONES. Mr. Delfico, do I have that correct? Your entire statement will be included in the record. If you could summarize it, then we will go into questions.

STATEMENT OF JOSEPH F. DELFICO, ASSOCIATE DIRECTOR, HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANED BY ANDREW KULANKO, GROUP DIRECTOR, AND THOMAS J. SMITH, EVALUATOR

Mr. DELFICO. Mr. Chairman, thank you very much. We are here today to present our observations on the feasibility and the impact of the Social Security Administration's planned staffing cuts and potential office closings. Also, as you requested, we are providing our observations on the policy making process as it relates to these very important issues.

First, I'd like to address the staffing cuts of 17,000 positions. These cuts represent one of the Administration's initiatives intended to improve management of the Federal Government.

The Administration has stated that its objectives are to make the cuts, as you heard earlier, without impact on service to the public and without reductions in force. Whether SSA can achieve the 21 percent reductions in staff without an adverse impact is really not known.

At present, there's very little evidence to serve as a basis for the projected staff reductions expected to be achieved in the outlying years where most of the staff reductions are planned.

At best, the estimates can be characterized as targets and goals. Also, although SSA would like to achieve the reductions through attrition, such attrition may not occur where SSA feels it can afford to make the cuts. Consequently, there may be a need for staff retraining and relocations to bring understaffed units up to needed levels.

The staff reduction plan also assumes that there will be no new major legislative initiatives and new administrative initiatives that would increase SSA's workload and no slippage in systems modernization.

The prospect of field office closings stems from SSA's document entitled, "Draft Service Delivery Methodology." We reviewed a version dated January 28. The draft methodology provides that the study be carried out in two phases. Generally the first phase, which is to be completed by December 31, 1985, includes the review of all field offices with staff sizes of 25 individuals or less.

The second phase involves a review or examination of the remainder of SSA's field offices, and is to be completed by December 31, 1988.

Traditionally, GAO has encouraged Government agencies to periodically examine the field office structure as a means of exploring ways of cutting costs and raising Government productivity and improving services. Along these same lines, we believe that a periodic self-assessment is appropriate as long as it results in a reasonable, systematic plan of action whose impacts are continually monitored.

The methodology also provides each region with much flexibility. While we understand the trade-offs involved between flexible and more structured approaches, the flexibility in the draft document makes it very difficult to predict how each of the regions will apply the criteria.

Ideally, we believe more precise information on service delivery goals, assumptions, and desired field office structure would help make the methodology more uniform and more useful when considering SSA service delivery options.

The major concern we and many people have with respect to the planned staffing cuts and potential office closings is the possible adverse impact on services. In this respect, SSA needs to monitor closely what impact its actions will have. Proper monitoring of impact of staff reductions and possible office closings raises what we believe is the most important issue that has surfaced with respect to these actions.

Few would argue that SSA would not operate more economically if possible, but what if the cuts start to impact on service? Is the 17,000 person staff reduction a flexible goal, or is it a fixed number that will be attained regardless of adverse impacts on service.

We believe that proper and objective monitoring of impacts of these cuts on service to the public is also important in light of the rapid turnover in SSA commissioners. Since 1973, SSA has had eight commissioners or acting commissioners. At present, we believe that SSA top management is sensitive to the potential impacts of these cuts on service. However, with a change in leadership this may not be the case. Therefore, we believe that it's important that SSA have a plan for collecting objective data to measure the impact of its reductions and that the service impacts be closely monitored over the coming years.

I would now like briefly to address SSA's policymaking process as it relates to establishing staffing levels and field office structure.

Generally speaking, there are many factors from many sources that can and do influence SSA staffing levels. For example, the 17,000 staff cuts surfaced largely through the budget process in which there are numerous interactions between SSA, HHS, OMB, and the President. SSA cannot and surely does not establish staffing levels in a vacuum.

Within SSA in more recent years, office closings, openings, and conversions generally have occurred on an ad hoc basis with little overall direction from SSA headquarters, although headquarters, until October 1984, approved nearly all such actions. The service delivery study represents a departure from the previous ad hoc process because SSA headquarters has now taken a much more active role in the development of SSA's field structure.

With respect to staffing, SSA's staffing levels are largely based on workload measurements. Each year, SSA, as part of the budget process, determines, through analysis, which of its activities are going to require more or less staff. It is this very process which will be the focal point for justifying SSA staff reductions over the next several years.

Mr. Chairman, this concludes my statement. We would be pleased to answer any questions you or other members of the committee may have. Thank you.

[The prepared statement follows:]

STATEMENT OF JOSEPH F. DELFICO, ASSOCIATE DIRECTOR, HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. Chairman and members of the committee, we are here today to present our observations on the feasibility and impact on the Social Security Administration (SSA) of planned staffing cuts and potential office closings. Also, as you requested, we are providing our observations on the policy making process as it relates to these two very important issues.

SSA STAFF CUTS

First, we would like to address the staffing cuts which were announced in the administration's proposed fiscal year 1986 budget. The cuts total 17,000 full-time equivalent [FTE] positions and are to be achieved over a 6-year period—fiscal year 1985 through fiscal year 1990. Such a reduction would reduce SSA's FTE staff about 21 percent—from about 80,000 in fiscal year 1984 (the base year) to about 63,000 in fiscal year 1990. These cuts represent one of a number of initiatives that are a part of the Administration's program to improve the management of the Federal Government. The Administration has stated that its objectives are to make the cuts of 17,000 without adverse impact on service to the public and without reductions-in-force.

To achieve the reduction of over 17,000 positions, SSA is developing a plan to guide its efforts over the coming years. For the most part, they hope to achieve the

reductions through improvements resulting from their claims modernization project, the restructuring of their field office system, and through ongoing systems enhancements and procedural changes. SSA estimates that about 1,900 and 1,700 FTE's can be eliminated in fiscal years 1985 and 1986, respectively. Moreover, according to SSA, these estimates are relatively firm in that they were carefully scrutinized internally as part of the budget process.

For fiscal year 1987, the budget is currently being developed, and as such, specifics on the staff cuts for that year have not been finalized. For the 3-year period 1988 to 1990, the estimated reductions are uncertain in that SSA has developed little detailed analyses to support the feasibility and potential impact of the reductions. At best the estimates can be characterized as targets or goals.

Whether SSA can achieve a 21 percent cut in staff without any adverse impact on service to the public is not known. What is generally accepted however is that SSA is faced with some extremely difficult tasks. At present there is little evidence to serve as a basis for the projected staff reductions expected to be achieved in the outlying years where most of the staff reductions are planned. Also, although SSA would like to achieve the reductions through attrition, such attrition may not occur where SSA feels it can afford to make cuts. Consequently, there may be a need for staff retraining and/or relocations to bring understaffed units up to needed levels.

The staff reduction plan also assumes that there will be no new major legislation or Administration initiatives that would increase SSA's workloads and no slippage in the implementation of SSA's system modernization program. Past experience suggests that neither of these assumptions are likely to hold. Major legislative changes have been the norm rather than the exception in recent years and the systems modernization program already has slipped since it started in 1982 and there are indications there will be further delays. In summary, the management of the staff reduction plan through fiscal year 1990 poses a major challenge for SSA management. Moreover, we would expect as SSA gets closer to the 17,000 goal, decisions on reductions will become more difficult.

POTENTIAL FIELD OFFICE CLOSINGS

The prospect of field office closings stems from an SSA document entitled "Draft Service Delivery Methodology." The document had not been finalized as of April 1, 1985, and our comments here relate to the draft sent by headquarters to 10 regional offices for comment on January 28, 1985. While SSA would not share with us a current copy of the draft, an official said that there have been no major changes to the January 28 version.

SSA officials told us that the idea for the study was conceived several years ago and earlier versions of the methodology have been field tested in Maryland and Texas. They said that in many ways SSA's way of doing business in the field has remained unchanged since the program started in the 1930's. Accordingly, it was felt that a "hard look" at field office structure was long overdue.

The draft methodology provides that the study be carried out in two phases. Generally, the first phase, which is to be completed by December 31, 1985, includes the review of all field offices with a staff size of 25 individuals or less. These offices are to be reviewed as potential candidates for conversion, closing or consolidation. Conversion involves an office downgrading or upgrading, for example, from a district office to branch office or vice versa. The second phase involves a review or examination of the remainder of SSA's field offices and is to be completed by December 31, 1988.

Traditionally, GAO has encouraged government agencies to periodically examine their filed office structures as a means of exploring ways of cutting costs, raising government productivity, and improving service. Along these same lines, we believe that a periodic self-assessment is appropriate as long as it results in a reasoned, systematic plan of action whose impacts are continually monitored.

SSA's draft methodology recognizes the complexity of making decisions about SSA's field office structure. The methodology goes to some length to address the many factors that need to be considered. For example, the document cites cost, workload, demographic changes, accessability to public transportation and other SSA facilities, and responsiveness to local conditions such as foreign language and/or minority needs. Additionally, the document strives to provide a uniform approach for all regions to follow in making their assessments.

The methodology also provides each of the Regions with much flexibility. SSA officials said the document is intentionally nonprescriptive. A more rigid document was rejected to permit Regional Commissioners the latitude to tailor service delivery to meet local needs.

While we understand the trade-offs involved between a flexible and a more structured approach, the flexibility in the draft document makes it very difficult to predict how each of the regions will apply the criteria. Ideally, we believe that more precise information on service delivery goals, assumptions, and a desired field office structure would help make the methodology more uniform and more useful when considering SSA service delivery options. This is not to say that establishing consistent service delivery goals is easy. Nonetheless, we believe it is necessary in any assessment of field office structure and service delivery.

Just how good SSA's document is will depend largely on the outcomes it produces. If we had to predict what those outcomes would be, we would say that some regions will take a very critical look at their operations and perhaps recommend numerous changes. Other regions will possibly lean toward the status quo, interpret the criteria more broadly, and recommend few changes. A good indication of any potential disparities in the application of the approach should become apparent at the end of the year when the Regional Commissioners report to headquarters with their findings and recommendations for the first phase.

IMPACT ON SERVICE

The major concern we and many people have with respect to the planned staff cuts and potential office closings is the possible adverse impact on service, and in this respect SSA needs to monitor closely what impacts its actions will have.

There are a number of objective performance indicators which SSA routinely tracks which can give some indication of how well the agency is performing; for example, payment accuracy, timeliness of claims processing, and backlogs of claims. Beyond this, we believe SSA should also consider routinely measuring impact on services from the viewpoint of the clients the agency serves. This could be done in several ways. For example as part of our ongoing work we recently surveyed a nationwide sample of SSA clients to obtain their perceptions on the quality of service. Among other things, we obtained their views on how courteous SSA employees were and if they felt they had to wait long for service at a field office. We are now analyzing these results and they should be available this summer. To gauge the impact of staff reductions and potential office closings, a survey instrument measuring the public's view could provide SSA a useful indication of the change in quality of the service it provides over the remaining 5 year life of the staff reduction plan.

Proper monitoring of the impact of staff reductions and possible office closings raises what we believe is the most important issue that has surfaced with respect to these actions. Few would argue taht SSA should not operate more economically if possible, but what if the cuts start to impact on service? Is the 17,000 person staff reduction a flexible goal or is it a fixed number that will be attained regardless of adverse impacts on service?

We believe that proper and objective monitoring of the impact of these cuts on service to the public is also important in light of the rapid turnover of SSA Commissioners. Since 1973 SSA has had eight Commissioners or Acting Commissioners. At present we believe that SSA top management is sensitive to the potential effect of these cuts on service. However, with a change in leadership, this might not be the case. Therefore, we believe it is important that SSA have a plan for collecting objective data to measure the impact of its reductions and that the service impact be closely monitored over the coming years.

POLICYMAKING AT SSA

I would now like to briefly address SSA's policymaking process as it relates to establishing staffing levels and field office structure.

Generally speaking, there are many factors from many sources that can and do influence SSA staffing levels. For example, the 17,000 staff cut surfaced largely through the budget process in which there are numerous interactions between SSA, HHS, OMB, and the President. SSA cannot and does not establish staffing levels in a vacuum. Similarly, SSA's field office structure is also sensitive to external influence. A good example in this respect is the Supplemental Security Income program which resulted in SSA establishing a substantial number of additional offices to be accessible to the low income population the program was designed to serve.

Within SSA, in more recent years, office closings, openings, and conversions generally have occurred on an ad hoc basis with little overall direction from SSA headquarters, although headquarters until October 1984 approved nearly all such actions. The service delivery study represents a departure from the previous ad hoc process because SSA headquarters has now taken a much more active role in the development of SSA's field structure.

With respect to staffing, SSA's staffing levels are largely based on workload measurements. Each year, SSA as part of the budget process, determines through analysis which of its activities are going to require more SSA staff to implement and which will require fewer staff. For example, when new legislation is passed, SSA analyzes its activities to determine how many—more or less—staff years will be required to implement the legislation. Similarly, the ability to do more with fewer staff because of expected productivity enhancements, such as those from the systems modernization program, are also taken into account. It is this very process which will be the focal point for justifying the SSA staff reductions over the next several years.

Mr. Chairman, that concludes our statement. We would be happy to answer any questions you or other members of the committee have.

Chairman JONES. I thank you very much for your statement. Let me ask you, first of all, about the Social Security offices that have been closed in recent years, various contact offices and what have you. What effects have these closings had on the service in these areas? Do you have any measurement of that?

Mr. DELFICO. We have no measurement on the exact impacts. What we did find in analyzing 14 office closings was that the——

Chairman JONES. These 14 were dispersed geographically?

Mr. DELFICO. Pretty evenly dispersed, weren't they Tom?

Mr. SMITH. Yes, they were. They were located close to another office so that what you had was a consolidation. In most cases, the distances between the closed office and an existing office were very small. If you want to use that as a measure of service delivery and access, it didn't look like there was very much of a problem.

Mr. DELFICO. I'd like to emphasize, though, that the cuts we're talking about in the future are going to be much more difficult to make because the distances will be quite varied and there are many more parameters that come into estimating which offices to close.

As far as the contact stations are concerned, I think there were about 600 closed recently over the past couple of years and, to our knowledge, no assessment of the impact on service has been made with those closings.

Chairman JONES. Do you think there's any reason why we should ask you to assess the impact? Is there anything there to cause us to be suspicious or concerned?

Mr. DELFICO. With the short period of time we had to look into the closings and the records behind them, we found no major problems. However, I think in the future there should be some close monitoring of all closings and their impact.

Chairman JONES. You suggested that SSA should measure the impact of its staff reductions and potential closings from the public's point of view. What specifically would you have them measure and how would you have them measure it?

Mr. DELFICO. What we had in mind there, Mr. Chairman, was to basically measure client's satisfaction with the services they're receiving. This is a difficult job. We are now trying to do that on a nationwide basis and we'll probably have some results of our November 1984 client satisfaction survey sometime in June. What I had in mind was assessing client satisfaction along with the operational measures such as accuracy of payments and so forth.

For example, as an indication, it would be important to know how long a person waits for service, is that wait changing over time because of staffing cuts, and is the quality of service decreas-

ing; that is, are people being treated correctly and courteously and so forth? These are the kinds of things I think should be measured, monitored, and recorded.

Chairman JONES. You may have heard Mrs. McSteen indicate that they periodically have those kinds of quality measurements. Are you familiar with the questionnaire or the poll that they take? Do you think their methodology in that particular process is a good measurement of quality?

Mr. DELFICO. We haven't come across any of those studies, although we haven't had time to really get into the field. To my knowledge, they do get quality measures, but it's on a rather ad hoc basis and it's not systematic. Andy, did you want to——

Mr. KULANKO. That's right. I believe the SSA studies you referred to are things that an individual office, on its own, might periodically do asking for some feedback from the people who are visiting the office. There is no uniform, systematic approach that all offices are using to get such client feedback, such as using a customer service card they would hand out once a week or once a month to ask specific questions of clients. We're not aware of any systematic study along those lines.

Chairman JONES. That is what you're undertaking that you'll report back in June, or you should have a report in June?

Mr. DELFICO. Yes; we should have a pretty broad survey of client satisfaction.

Chairman JONES. Do you have the results of any preliminary observations you could share with us?

Mr. DELFICO. We do, but I must caveat them by saying that we haven't weighted the data to reflect the sample we took. By and large, I think we can safely say that the clients are satisfied with the services that have been delivered. Our preliminary indications show that it breaks down by client group. For example, people in the RSI Program tend to rate Social Security higher than the people in the SSI Program. We will have a clear indication when we get our computer runs back in the spring and fall.

Chairman JONES. Would you repeat that last part and expand on that.

Mr. SMITH. We surveyed three distinct populations; the RSI population, the disability population, and the SSI population. Generally, you will see, from the RSI population, a much happier clientele.

Chairman JONES. Are you saying that the client perceives a difference in response from the Social Security Administration employee; that one is treated like a welfare recipient and one is treated with more dignity, or what?

Mr. SMITH. The welfare recipients will rate Social Security service not quite as good as somebody who is on the RSI Program.

Chairman JONES. In other words, treated with less dignity?

Mr. SMITH. Well, possibly. There's speculation as to why that occurs. The disability process as well as the SSI process has a lot more interaction between SSA clients and Social Security. There's periodic disability redeterminations. These are very difficult for both parties. The same thing goes for the SSI population. RSI beneficiaries, in a sense, are much more easy to deal with. They come in and get their claim and get their check and they go home. They

don't have to come in for redeterminations. We suspect that this does influence how they feel about the quality of SSA service.

Chairman JONES. Any other preliminary observations you'd care to share.

Mr. DELFICO. Not at this time.

Chairman JONES. We'll look forward to that report. Let me ask one final question dealing with the staffing reductions. Do you believe that SSA's current attrition rate will enable it to realize the proposed staff reductions without a reduction in force? I might also ask you to comment on Mrs. McSteen's comment that about 5,000 annually are lost through attrition. As I understand that, that's from a base of 80,000 employees, but as it goes down to 60,000, you won't have the same 5,000. Will that require reduction in force, in your judgment, or will attrition be able to handle it if, in fact, the 17,000 and 19,000 goal is met?

Mr. DELFICO. I think the attrition question is probably dependent on two things. To answer your question initially, it will be very close if there is a nonlinear reduction in attrition per year and that is if 4,000 decreases to 3,000 and 2,000. That has been the case in organizations of this size. It is very difficult getting the target.

I think the other aspect of that question is the attrition will occur, and I think Mrs. McSteen mentioned it, in areas where they may not want to lose people. What you'll have then is a retraining and a relocation problem. Attrition rates were 15 percent in the clerical area and about 4 percent in the professional staff area. That may not be the balance you'd want over the 5-year period.

Chairman JONES. I also understand there is considerable difficulty in attracting technical people in the whole automated data processing area and that the attrition there is higher than normal. That will impede the whole modernization program. Did you find that to be a problem?

Mr. DELFICO. Yes, we found that to be the problem not only here, but across Government. Retaining people with good data analysis and data processing skills is very difficult.

Chairman JONES. Is that strictly a wage function?

Mr. DELFICO. Yes, it's highly competitive.

Chairman JONES. Mr. Daub.

Mr. DAUB. Only one clarification to the dialog that occurred on the last part of the chairman's queries relative to satisfaction; as I understand it, you haven't weighted these studies and you have some computer runs forthcoming in the balance of this year. The raw data indicates that in all three categories there is satisfaction?

Mr. DELFICO. Yes, the majority of the respondents answered that they were satisfied with the treatment. In general, it was pretty high. I hesitate to give numbers——

Mr. DAUB. Sure, and I appreciate that. Thank you.

Chairman JONES. Mr. Gregg.

Mr. GREGG. Do you have an estimate as to how many people you feel the Social Security system has in excess of need?

Mr. DELFICO. No, we haven't made that estimate but we have ongoing productivity studies which indicate there is quite a variation in productivity amongst field offices. I hesitate to get too detailed because our report isn't out yet. It may indicate that some field offices are overstaffed and some are not, which may be an indication

of a reallocation rather than overstaffing. Some offices may be overworked.

Mr. GREGG. In making your analysis of people's views of the system, is there any way you can factor in that how they would view the system were it to become more automated? I know some banking institutions, when they went to automated tellers, tried to project their customers reactions to dealing with a machine as versus dealing with a person. Have you considered whether you can factor that in and can you factor that into your analysis as they move to automation?

Mr. DELFICO. We haven't done it in our November survey. We intend to take another survey probably in fiscal year 1987. That may include the impact of some of the automation we've heard about today to see if there's any reaction to that.

Mr. GREGG. Is there any way to anticipate that?

Mr. DELFICO. Probably with smaller samples. It's very difficult to get to that kind of response on a large nationwide sample. We'd probably have to go to offices that are now testing the automated equipment and compare responses before and after the equipment is installed.

Mr. GREGG. You're not planning to do that until 1987, did you say?

Mr. DELFICO. Yes, 1987. We're going to try to track this over time.

Mr. GREGG. You said there is no systematic review process within SSA to evaluate how their services are being delivered. Is that what you said?

Mr. DELFICO. Well, yes. The process isn't really formalized in that there is a definite goal or model for what service delivery means. You ask 10 different people and they will give you 10 different answers to that.

Mr. GREGG. You also said there is no systematic procedure for creating field offices—in the past there has been no systematic procedure—they have just been created on an ad hoc basis?

Mr. DELFICO. That's my understanding, yes.

Mr. GREGG. So, what you're saying is that the Social Security Administration doesn't know in a systematic way how people are getting services and does not know in a systematic way why it has the field office.

Mr. KULANKO. They do have some indicators. They'll point to their payment accuracy saying 98 or 99 percent of all payments are accurate. They'll point to claims processing time data that they maintain and they'll be tracking those. Those are the types of indicators they use. What we were suggesting is that they could go beyond that to measure waiting times in offices to systematically consider how long people are waiting; they could get client feedback and monitor that over time; they could measure the distances that people have to travel. Should the goal be that 90 percent of the people in a particular area will be no more than one-half hour away from an office? Specific goals like that have not been set and those types of things aren't being monitored.

Mr. GREGG. Did you, in your review of why these offices were created in the past, go through any historical review? How many of

the offices were created because a Member of Congress wanted an office in his home town?

Mr. SMITH. Initially, I think SSA started with around 400 field offices. That was back in the late 1930's or 1940's. Over the years, there has been a steady upward climb to roughly maybe 1,350 field offices now. Here I'm talking about district and branch offices. If you look at that in a very general sense, you'll see that, because of new legislation and responding to the increases in the people they serve, there's been a corresponding growth in the number of offices. Initially, there may have been 30 or 40 million people paying into SSA. Now, there's over 115 million people paying into SSA. So, you see those types of growth. You see very large jumps in the late 1960's and early 1970's when there was a response to the socioeconomic type difficulties we were having. There were urban riots. The SSI Program resulted in another spurt of growth of field offices. Here, the concern in part was to get out and to be accessible to the low-income population.

Mr. GREGG. This growth was done in an ad hoc way. There were no policy decisions as to how offices were going to be created.

Mr. SMITH. From as much as you can glean from the records, I don't think you can say it was arbitrary. If you look at any particular office, I'm sure you will find that there was some reasoning or some rationale behind why they wanted to establish a particular office.

Mr. GREGG. Is there any standardized review process of the activity of the offices within regions?

Mr. SMITH. I don't believe so. Again, I'm talking from my own personal experience I'm aware of in the last 5 years or so. It's been pretty much on an ad hoc basis. To my knowledge, this is the first big national type look at the field office structure. Mrs. McSteen mentioned that it's some 30 years that they've been pretty much operating——

Mr. GREGG. Is this the first attempt to apply systematic approach to the field offices——

Mr. SMITH. To my knowledge, it is.

Mr. GREGG. Assuming it is, what you're saying is that even in applying the systematic approach, they haven't set standards that are ascertainable and referable to in order to go through the process?

Do you folks have a set of standards that you think would be appropriate that you're throwing out on the table as maybe things that should be considered in going through this review process?

Mr. SMITH. I think we mentioned some of them earlier. Again, waiting times—I guess the main thing that this particular question begs is that there needs to be some definition in terms of what is service. It's a loosely structured word. People say service is bad; service is good. I think with respect to field office structure, there are certain key things that the agency should set down and set up as a standard or goal for what they want to accomplish. This could be waiting times; this could be accessibility; this could be access to the handicapped; it could be levels of services that are available in particular areas. For example, you might come down with a list of 30 service indicators and say these are the priority indicators that we want to consider when structuring our field offices.

Mr. GREGG. Mrs. McSteen mentioned 30 items when I asked her if they were looking at political consideration. You're not aware of these 30 items, I take it.

Mr. SMITH. If you counted up the number of items in their service delivery assessment, it may come up to 30. I think maybe that's what she was referring to.

Mr. GREGG. But, you're telling me that you don't think the service delivery assessment systematically has enough ascertainable standards in it or is strong enough?

Mr. SMITH. We think you need more in terms of goals. Perhaps a model is what we are hoping to accomplish through this process. Right now, the methodology lays out a lot of criteria and a lot of things to be considered. We agree that you ought to consider all those things. To bring the whole thing together and prevent 10 different regions from doing 10 different things, we think you ought to have a clear statement of goals.

Mr. KULANKO. I think we've got to say that the key word is quantifiable goals. SSA has mentioned a lot of things to consider but one version for example can consider it one way, and another region can consider it another way. They're not working toward ensuring that the same minimally acceptable service goals are attained.

Mr. GREGG. It's going to be very subjective in regard to service, anyway. Are you far enough into this to be able to produce your view of what those goals should be so that we could throw that into the hopper?

Mr. DELFICO. Right at this stage, no. We have a number of ideas, and we think that there should be some areas they should start thinking about; client services, for one. There are a number of parameters you could use to measure that.

Mr. GREGG. Thank you.

Chairman JONES. Is it possible for you to devise a set of goals that this subcommittee could consider before you make your report on your study in June?

Mr. DELFICO. We'll consider that, yes. We'll have, at least, options to consider.

Chairman JONES. I would appreciate it if you could set that out. I think you make a very good point and, before you measure something, you have to measure it against whatever the goal is. If you could set out those options based upon observations from your study and furnish it to the subcommittee, that would give us a great deal of help in determining whether or not proceeding ahead with office closings or staff reductions makes sense.

Mr. DELFICO. We can do that, Mr. Chairman.

Chairman JONES. Thank you. Mr. Coyne.

Mr. COYNE. Thank you very much, Mr. Chairman. I would be interested in knowing if you've ever been called upon to evaluate an agency or department that has just undergone a 21-percent decrease in numbers of employees at a time when their workload is to increase by 11 percent and what the outcome of that study would have been.

Mr. DELFICO. We don't have experience with exactly the same kind of reorganization and staff cuts but we do have experience with evaluating agencies throughout Government that have, over

the past 4 or 5 years, gone under serious staff reductions. You may be able to draw some conclusions from what we've seen in other agencies. There has been a morale impact on staff. Staff reductions do bring that about. There are also, in some of the agencies we've looked at, particularly in service delivery agencies clients feeling that the service is deteriorating. We have done some work on IRS that has taken a look at service delivery and it's my understanding that the Congress has asked to keep staffing levels fixed until IRS does a service delivery assessment somewhat similar to the situation with SSA.

Mr. SMITH. I think this has been the ongoing debate now for several years at IRS. Over the years, the Administration has been cutting their taxpayer assistance programs. Again, the bottom line is what's the impact on service to the taxpayer. It got to one point where the Congress mandated a floor for staffing at IRS. In that sense, there are parallels in Government. IRS and SSA are similar in that they deal with very huge populations.

Mr. COYNE. I don't know what the increase in percentage of the IRS workload has been, but looking at 11-percent increase in beneficiaries from SSA that we're facing and, at the same time, calling for a 21-percent reduction in personnel, I think it might well be worth looking at.

Chairman JONES. Thank you, Mr. Coyne. Mr. Donnelly.

Mr. DONNELLY. Gentlemen, isn't the real problem, when we're talking about this 17,000 number reduction, quantitative as well as qualitative? The real problem is the type of people that you're going to lose through the freeze or through attrition. Generally those at the lowest pay scale will be the first to leave if they can find better employment. Those at the highest pay scale, those that have the longest service with SSA, would tend to stay within the agency. I know that you haven't finished your analysis, but I think it's clear that there's no possible way that you could receive those reductions without riffing people, unless you want to get to a situation where there's nobody to answer the phone and no receptionist to greet the oldtimers as they walk into the office. Those are the people that will walk and get themselves a better job. Those at the highest end of the salary level are going to stay. That's the problem I have with the Commissioner's testimony. It's all well and good to say we'll freeze or we'll go through attrition, but the reality is you're going to have to let some people go.

Mr. DELFICO. Last week I went through an office that went through that model. It lost lower-graded staff at the clerical level and, because of a freeze, was unable to replace them. What occurred was that the claims representative, one of the highest-graded officials in the office, is now doing the clerical work to cover. They're doing two jobs instead of one. That may occur and it does affect quality.

Mr. DONNELLY. That's happening throughout the Government with our personnel policies. Outrageous personnel management is what it is. That's what I'm afraid will happen when you set yourself numerical goals for staff reduction and you use the numerical goal as the basis of all of your planning and your decisions. You end up really penny-wise and dollar-foolish. It's not very cost-effective at all.

Chairman JONES. Thank you, Mr. Donnelly. I thank the panel very much. If you can get that additional information to us as soon as possible we will appreciate it.

Our next panel is three members: The Honorable William Driver, representing Save Our Security Coalition; Mr. William Wewer, the National Committee to Preserve Social Security and Medicare; and Udell LaVictoire, American Association of Retired Persons. Udell is a good man from Oklahoma. We are delighted to see you here. Bill Driver is an old and dear friend who performed many years of outstanding public service as the Director of the Veterans' Administration and, later, as a calming influence during those tumultuous years at Social Security in the 1970's. We are delighted to have all three of you here. Your testimony will be included in full and if you would summarize your testimony, and I will call on Mr. Driver first.

STATEMENT OF WILLIAM J. DRIVER (FORMER COMMISSIONER OF SOCIAL SECURITY), ON BEHALF OF SAVE OUR SECURITY COALITION

Mr. DRIVER. Thank you, Mr. Chairman. We have submitted the statement and I am pleased you will take it for the record.

Basically, we have outlined there several specific reasons why we object to this action, and certainly object to the way in which it is being taken. I have looked at it carefully, and I must say it beats the pants off anything I've seen so far on such a large undertaking with no background about specifics as to where it will take place, how it will take place, what were the measuring devices. The committee has brought out all these factors. Just listening to them brings up some memories of when we closed offices in the Veterans' Administration. We closed 1,000 contact offices after World War II. The workload dropped off so dramatically, no one disagreed.

When we came later, in the 1960's, to close five or six offices, it was quite a different thing. We had people visit the office. We had innumerable meetings with the people at the local level. I think that's the way this sort of thing should go. Social Security does touch upon intimate relations and the basic economic survivorship of 90 percent of Americans. Ninety percent of those that draw it have fewer than $500 from any source. This is a must for them.

When you visit the offices on days when the check is due, it's unbelievable. They can't get in the room if they're there for a long time.

I think something like that is to be expected but I've never been in an office when they weren't busy as they could be. The things that failed while I was there was an effort to close them then because the computer activity that was going to take their place, just plain didn't work.

They say they've got a new state-of-the-art; why not let that thing go until we can demonstrate it works. When HCFA broke off from SSA and moved all of the activities at the main headquarters in Woodlawn in Baltimore, they didn't establish a field structure. Prior to that time when Social Security had the Medicare Program,

all service representatives of Social Security were trained in Medicare applications. You could go there and get total service.

People still go there who remember that. We have nobody there who can give you any advice on Medicare. I personally think this is a disgrace. That's an enormous program and there's no way to get local information except from a splinter from a lot of small groups around the country that have volunteered to do it; church groups and the like. I don't think that's the way to run a billion dollar business. I don't think that's the way to carry out an obligation to these people who are paying for it. It's their money and they expect to get it back. The same is true of Social Security funds. The moneys to run these offices don't come out of general revenue. Yet, we are treating it offhand. It is looked upon in the context as just another effort to start down the road of reducing Social Security benefits.

I think the flavor the President established in 1981, when he went through the charade of trying to cut $81 billion out of the guts of the program, set the stage for an unending series of doubts and this just brings up all of them all over again.

Our organization represents 109 national organizations, 50 State, 150 local, with 40 million members. We let all of our activities be carried on for them throughout the country and I don't get word from anybody that they think that whatever money is spent to keep an office open, to keep them from traveling ten miles to another Social Security office, is poorly spent.

That basically is our feeling. We would hope that we could testify again when we would know more about what is intended here and how they plan to go about it so that our evaluation could be pinpointed more and perhaps present a more logical argument for it.

[The prepared statement follows:]

STATEMENT OF WILLIAM J. DRIVER, FORMER COMMISSIONER OF SOCIAL SECURITY, ON BEHALF OF SAVE OUR SECURITY COALITION

I am William J. Driver. I am testifying on behalf of the Save Our Security coalition.

SOS is a coalition of one hundred nine national organizations whose collective membership exceeds forty million Americans. The coalition represents workers and retirees, the blind and disabled, women and veterans, teachers and social workers.

Because of the coalition I represent and the fact that I was Commissioner of the Social Security Administration from 1980 to 1981, I feel that I have some experience in the matter before you today.

I feel that the most important thing I can do today is to remind Congress and this Administration of its responsibility to maintain an effective delivery system for our nation's economic security programs.

The budget of the Administration and the recommendations of the Senate Budget Committee proposes to reduce staffing of the Social Security Administration by at least 17,000 and to close 300 to 600 offices. We in the Save Our Security coalition (SOS) oppose these cuts.

We believe that the quality of service in the Social Security Administration has suffered steady deterioration for over 10 years due to budget actions like these. But no proposal that any Administration has ever made is as outrageous as these. This is not a business plan to improve the administration of programs or the delivery of service, as its proponents would tell you. It is an act of cash accounting, without regard for the consequences which these savage cutbacks in service will have on the public served by the Social Security Administration. It is motivated, they say, by the potential savings. But these savings are exaggerated. Some seem contrived. We believe that in fact, like so many instances in the past, the savings made by reducing the cost of administration will be more than offset by increased program costs due to increased errors and backlogs and overtime expenses.

Staff levels have been steadily reduced every year since 1977. Today Social Security has 7,000 fewer full-time personnel. Quality public service has been repeatedly curtailed and adversely affected:

accountings of the student benefit program were suspended, causing increased erroneous payments;

accountings for payments made to others on behalf of incapable beneficiaries were suspended, causing misuse of benefits and theft of benefits;

many hundreds of thousands of redeterminations of benefits for Supplementary Security Income (SSI) were abbreviated, or canceled, causing both loss of benefits and overpayments;

recomputations of Social Security benefits were repeatedly frustrated and delayed; changes due to earnings in 1978 and 1979 were not processed until 1983;

backlogs of work in the Payment Service Centers doubled and now is as high as 4 percent of total compensation costs;

computation of retirement benefits have been abbreviated, eliminating review of earnings except for the most recent three or four years, and ceasing the correction of records that don't show earnings which applicants may have had but which were not properly recorded; many beneficiaries may be shortchanged as much as $10 to $30 per month because of this.

In 1981 the General Accounting Office reviewed a representative sample of beneficiary records for the five year period of 1977 to 1981 and found that almost 19 percent—or 1 out of 5 of all beneficiaries—had administratively-caused payment errors. While many were relatively small, one-third of the cases and payments errors were in excess of $500. and the average duration of payment errors was 4 to 5 months. SSA underpaid beneficiaries nearly three times as much as they overpaid them. In 60 percent of these cases the payment errors had not been corrected at the time of the GAO report.

When Medicare was removed from Social Security and placed for administration in the Health Care Financing Administration several years ago, all service representatives were trained to give the public service and information about the program. This meant that all Medicare beneficiaries could go to SSA field offices for help. But since that time, no one in contact with the public can help them with Medicare problems. The Health Care Financing Administration does not maintain a field office structure to assist individuals. SSA is not permitted to use its field offices and staff for this purpose.

Because these problems and many others not enumerated here continue unabated, it is our conviction that the Social Security Administration field office structure, staffing and training should be improved, not cut back. More staff and perhaps more offices seem more appropriate to the situation than the staffing cuts and office closings now proposed. We fear that less staff and fewer offices can only worsen these problems and add to the deterioration of service and public confidence in the Social Security Administration.

But, as we say, these proposals do not originate from an assessment of quality program administration or service delivery. There has been no systematic and professional study undertaken to evaluate the level of service needed and desired by the public, measured against actual performance. These proposals originate from the recommendations of the President's Private Sector Survey on Cost Control, the so-called Grace Commission, which have been referred to the Office of Management and Budget by the President with his mandate to implement them. Specifically these proposals flow from two recommendations. The first proposal is to reduce the Social Security field offices from the current 1,300 to 500 and to eliminate all 3,300 "contact stations" which serve the public in remote and rural areas and those who do not have ready transportation so that they can meet SSA representatives close to their homes. The second proposal is to reduce SSA staffing by the least 18,000.

We are particularly alarmed by the proposal to close field offices. Some have already been closed. The Grace Commission never assessed the impact of this recommendation upon the public. The office closings were viewed solely in terms of monetary savings. Even related costs (such as relocation expenses of displaced employees and severance pay and added travel expenses and telephone expenses) which might offset alleged savings were not calculated. The recommendation is essentially flawed by its assumption that the SSA is simply just a big insurance company. (The Taskforce on SSA for the Grace Commission was led and dominated by officers and employees of the Metropolitan Life Insurance Company). While Social Security, SSI, Medicare, AFDC and other programs administered or served by the SSA are features of the "social insurance" of Americans, they are not as simple as the life insurance you may buy on the market. More importantly, the offices of the Social Security Administration serve their communities in ways that go far beyond the busi-

ness interests of an insurance company—for example, they refer and assist the elderly, the poor and the disabled, educate the public about their rights, help local congressional offices, issue social security numbers, etc.

The policy which established these 1,300 offices was a careful and thoughtful policy. It was structured on principles of service that have been tested over time. The offices were gradually developed and situated over 40 years, increasing with the expansion of programs and service demands. Periodic and systematic evaluations of the service have always dictated the design and placement of offices, contrary to the allegations of the Grace Commission. Indeed, during the period 1973–75, a comprehensive reevaluation of the entire field service delivery system was undertaken with the specific task of assessing the need for the current number of offices in American communities. That study, undertaken by then Comissioner Cardwell, confirmed that the ideal service delivery, that which is most preferred by the public and most beneficial, is one which emphasizes immediate accessibility where people may come face-to-face with the representatives of their government programs and receive answers that are personal and direct. None of this fundamental policy was considered by the Grace Commission.

The proposal to reduce staffing is similarly arbitrary. Again, it is a proposal which in not founded on program objectives or objectives of quality public service. It is driven wholly by a blind desire to cut levels of federal employment. We have mentioned the consequences of such cuts in the past. These cuts must compound the deterioration of the Social Security Administration.

We have reviewed the recommendations of the Grace Commission and found them incredibly unprofessional. We say "incredibly" because it was our understanding that the Grace Commission was composed of the foremost management of American business. Yet this recommendation to cut 20 percent of the SSA staffing or about 18,000 employees is based entirely upon a handful of interviews, a few random observations and a flat assumption that *all* workers work at only half of their capacity and therefore SSA's working staff can be cut in half. This assumption is actually enunciated in the text of the recommendations as s self-advertised "axiom of good management". Having started with that axiom, the recommendations were natural. No management, whether private or public, determines its workforce by such simplistic formulas. Again the evidence of actual performance and the needs and demands for service suggest that, rather than cutting personnel, personnel should be increased.

We urge this Committee to do all in its power to stop these cuts. Because these cuts can and will be put into effect by the Executive, unless Congress intercedes. We urge you to intercede on behalf of America's seniors, widows, blind and disabled and the millions of other recipients of Social Security, Medicare, Medicaid and Supplemental Security Income.

Chairman JONES. We would certainly give you that opportunity as we move along together to try to evaluate what is proposed.

Mr. Wewer.

STATEMENT OF WILLIAM WEWER, GENERAL COUNSEL, NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

Mr. WEWER. I will confine myself to an observation on a comment that was made earlier today by Commissioner McSteen and followed up by former Commissioner Driver. They were discussing the computerization of Social Security offices as a means of justifying staff cutbacks.

It reminds me of 10 years ago when I was on the staff of the Senate Rules Committee. I led a team of individuals who were designing the Senate's Correspondence Management System. It was a brandnew computer system that would computerize all of the paperhandling processes going on in the Senate. One of the justifications that we made for spending millions of dollars on this new computer system was that we would be able to help reduce Senate staffs.

I think I believed in the tooth fairy back then, as well. We all know what has happened to staffs up here on the Hill during the last 10 years. In fact, I would urge you to treat the Social Security Administration's representations about computerizing their field offices with the same grain of salt that we perhaps should have treated our representations about computerizing the Senate paperwork.

When you're talking about providing services to people as opposed to stamping out automobiles on a mass production assembly line, computers are useful in allowing the same staff to improve the quality of service that is rendered to beneficiaries or clients. However, as a practical matter, I think that the years of experience that we've had with computers indicates that the services to people have to be rendered by human beings. They can't be rendered by computers. Computers can back them up, but it takes human beings to render the services. The comments made by the GAO indicate that there is a lot of quantitative analysis that has to be made regarding proposed cutbacks and proposed shifts.

I would urge this subcommittee to keep in mind that computerization standing by itself is unlikely to provide any realistic cut in staffing of SSA without a corresponding cut in the level of service. Thank you.

[The prepared statement follows:]

STATEMENT OF WILLIAM WEWER, GENERAL COUNSEL, NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

I am William Wewer, General Counsel of the National Committee to Preserve Social Security and Medicare. The National Committee has 1.2 million members, most of whom are Social Security and Medicare beneficiaries. Our non-profit organization was formed in 1982 to preserve the social insurance principles of these programs and to advocate equitable laws relating to the Social Security system. I am appearing on behalf of the Chairman of the National Committee, former Congressman James Roosevelt.

The National Committee to Preserve Social Security and Medicare opposes proposals to reduce Social Security Administration (SSA) staff by 20 percent and to consider the closing or downgrading of more than half if its field offices. Even at current staffing levels and with the current number of field offices, we are concerned that service delivery is not as good as it should be. We fear that staff cuts and field office closings will lead to a serious decline in service to Social Security and Medicare beneficiaries.

Changes in staffing needs and field offices may be justified in terms of new demographics and technological capability, but cuts of this magnitude seem to be designed more to achieve preconceived budget targets. We do not believe that such changes should be governed by artificially imposed spending limits. Rather, we agree with the National Commission on Social Security Reform's recommendation that "changes in the Social Security program should be made only for programmatic reasons, and not for purposes of balancing the budget."

The public policy guide is just as true for administrative changes as it is for benefit modifications, such as the Social Security COLA cuts proposed by some. The accessibility of local offices, the accuracy and reliability of payments, and responsiveness to public inquiries are integral to the overall benefit "package" promised to our Seniors by Congress. We must not shortchange service delivery, especially because all administrative expenses are paid from the Social Security trust fund, which is running a surplus.

We commend Chairman Jones and other Members of Congress from both parties for taking the responsible action of asking the General Accounting Office to review the effects of staff and field office reductions on the quality of service. Staffing reductions and field office closings are being proposed by SSA without any assessment whether the current level of service delivery is satisfactory.

The Congressional Panel on Social Security Organization, frequently referred to as the "Staats Panel," concluded just last year that, "generally, there appears to

have been very little articulation of what the desired levels of public service should be, and thus there are no well-formed goals in this area." Furthermore, the Staats Panel commented, "In recent years, answers to such questions [about appropriate service levels] have been largely budget driven."

Our members frequently write us about problems they experience at local Social Security offices or they write us for help that they should be able to get from SSA. Often SSA staff does not have the time to explain adequately the complex eligibility and benefit determination criteria to uninformed or confused beneficiaries. This is a warning signal to us that service delivery could be improved. Personal contact often can facilitate understanding, but this will become inconvenient for many beneficiaries if field offices are closed.

Last year, in testimony before this Subcommittee, we urged the establishment of an independent Social Security agency to include both Social Security and Medicare. We argued for the inclusion of Medicare in the new agency to improve service to Medicare beneficiaries. We do not see how SSA could increase service to Medicare beneficiaries by decreasing staff and closing field offices. Mirroring our concerns, witnesses before the Staats panel charged, "SSA field staffing allotments do not adequately take this Medicare service load into account and do not generally provide for training adequate to assist individuals with medicare eligibility and coverage questions, especially those having to do with payments for physician services." In fact, SSA's own brochure "What You Can Expect When You Visit a Social Security Office" makes no mention of Medicare services.

Many others have pointed out that even now SSA administrative expenses are very reasonable, at less than 1.5 percent of revenues. Administrative costs for private pensions are much higher. Devoting a slightly higher percentage of revenues to administration may be appropriate to improve services.

SSA should constantly be looking for the most efficient way to deliver a high quality of service. We do not propose to waste the hard-earned payroll tax contributions of millions of Americans. However, we also must guard against shortsighted economies that are counterproductive. Staff cuts and field office closings could increase the overpayment error rate, thus cancelling out any savings or resulting in increased spending. More importantly, a reduction in the quality of service would further erode public confidence in the fairness of the Social Security program.

Chairman JONES. Thank you very much. Mr. LaVictoire.

STATEMENT OF UDELL LaVICTOIRE, MEMBER, NATIONAL LEGISLATIVE COUNCIL, AMERICAN ASSOCIATION OF RETIRED PERSONS, ACCOMPANIED BY KENT BRUNETTE

Mr. LAVICTOIRE. Thank you, Mr. Chairman. It's a double pleasure to be before one of our own Congressman. My name is Udell LaVictoire from Oklahoma City. I am a member of the American Association of Retired Person's National Legislative Council. My colleague to my right and I are probably the only real live Social Security beneficiaries here today.

Our association has a membership of over 18 million and we are speaking for them. We are concerned that the proposed cuts would be another step to undermine the public's faith in the Social Security system. Congress recently responded to the financial dilemma with a measure that has worked to bolster and restore confidence in the system.

However, the current proposals would shake that confidence and would only lead to the questions being raised by a number of young persons and even some of our savings and loans, that faith in Social Security is a joke. We are working on that, too, by the way.

Like the efforts to reduce the cost of living adjustments for Social Security beneficiaries, the proposals to reduce staff and offices would have no effect on the Federal budget deficit. In 1985, Social Security will be servicing the needs of some 36 million beneficiaries. This number will increase by 11 percent between 1985 and

1990, and, at that point, Social Security will be servicing approximately 40 million people.

As a result of the increased demand the growing beneficiary population will be placing on the Administration, consideration really needs to be given to accommodate the increasing needs of the growing population rather than cutting back on the availability of services.

The present situation in the Social Security Administration offices warrants an improvement and expansion of the current delivery system. Even with the current 1,300 office structure, serious problems persist. We find problems everyday from responses and questions raised by our members regarding Social Security offices.

These problems will only be magnified if any diminution of the current SSA office structure were to be accomplished. For many of the nation's elderly and handicapped, the elimination of their local office would create a tremendous hardship.

Many find access to the office severely restricted due to transportation problems. In our state and many other states this is a serious problem.

Even if a beneficiary makes it to the local Social Security office, a cutback will create longer waits than presently occur.

Many of the matters that are dealt with in the Social Security offices require personal attention. They don't lend themselves to computer responses. I'd have to say that people of my age group, and perhaps all age groups except for the present computer kids who are learning how to work with computers in schools, would have extreme difficulty dealing with a computer.

I have one of the little VISA cards that has a little notation up in the right hand corner that you can go to an automatic bank teller and, if you punch your secret number into it, you can get some money. I have never, in the years I've had this, used it. Both my wife and I would drive miles to avoid using one of those if we had to cash a check, frankly.

Imagine an older person using a computer for something as sensitive as Social Security office. We had heard that one of the plans considered was to put in automatic tellers in the shopping malls.

In conclusion, it's our conviction that older Americans need greater, not more restricted, access to the Social Security staff and offices. To propose cutting personnel by 20 percent and reducing the number of offices, both arbitrary decision, at a time when the beneficiary population is increasing by 11 percent, works against the achievement of this goal.

It is our hope that this committee will do everything in its power to insure that this access is not in any way compromised. May I just sum up and say, any system that's been in effect for years needs review and revision but certain guidelines are needed. I've talked to some of the managers of Social Security offices in our communities and some of the people who work there. Most important of all is the personal contact. Operations should be efficient also. Sometimes, when you try to save too much on staff and offices, you spend far more in errors and other ways. The effectiveness of the Social Security office is also important, and consideration needs to be given to the projected population increase or change. By all means, the experience of the people in the field with

their knowledge of their communities and the characteristics of older people should be considered. They should be given an opportunity in participating in whatever plans the Administration has for effecting a study. In the view I've got, accessibility is becoming more serious rather than less particularly for those people who live out of the larger urban communities.

We do thank you for this opportunity to present our point of view.

[The prepared statement follows:]

STATEMENT OF UDELL LAVICTOIRE, MEMBER, NATIONAL LEGISLATIVE COUNCIL, AMERICAN ASSOCIATION OF RETIRED PERSONS

Thank you Mr. Chairman. My name is Udell LaVictoire, from Oklahoma City. I am a member of AARP's National Legislative Council.

The American Association of Retired Persons (AARP) is a membership organization of over 18 million older Americans. We appreciate this opportunity to present our views on the subject of proposed Social Security Administration (SSA) staffing reductions and office closings.

We are concerned that the proposed steps could only work to undermine the American public's faith in the Social Security system. While the Congress recently responded to the Social Security financing dilemma with a measure intended to bolster and restore confidence in the Social Security system, the current proposals could lead the American public to question again the viability of the system. Current and future beneficiaries must know that they can count on a Social Security system that not only provides adequate financial benefits, but also provides a competent and effective means for the delivery of services.

Like the efforts to reduce the cost of living adjustments (COLAs) for Social Security beneficiaries, the proposals to reduce SSA staff and offices would have no impact upon our federal budget deficit problem. Social Security is financed through a dedicated trust fund, with payroll contributions earmarked for this fund. This system is solvent and intact. No effort must be made to weaken the structure for future generations nor for current beneficiaries. The COLA and SSA staffing/office reductions are inappropriate responses to the resolution of the current budget crisis, and would only serve to further undermine faith in the system.

It is AARP's belief that in this time of budgetary restraint and budgetary re-evaluation, the dollar savings which are to be accomplished by any proposed reductions must necessarily be counterbalanced by careful consideration of the effect such reductions will have upon the populations or programs which are served. It is our conviction that the harmful impact upon Social Security beneficiaries of the proposed staffing reductions and office closings is so great, that we must oppose these proposals.

SSA administrative costs currently consume 1.5% of SSA's total budget. In spite of this, SSA's error rate is relatively small. A dramatic reduction in the administrative budget could cause a substantial increase in the error rate, thereby negating the possible savings that could be accomplished by such a reduction. We fail to recognize the need for such an administrative reduction if its likely effect will result in a net loss to SSA.

In 1985, SSA will be servicing the needs of some 36 million beneficiaries. This number is expected to increase by 11% between 1985 and 1990, when SSA will be servicing some 40 million beneficiaries. As the result of the increased demand that this growing beneficiary population will be placing upon SSA, consideration must now be given towards taking steps to accommodate the increasing needs of a growing beneficiary population, rather than cutting back on the availability of services which are now being offered to current beneficiaries.

The move over the past several years, however, has been in the opposite direction. SSA staff levels have been steadily reduced every year since 1977. During this period, the quality of SSA service has suffered a steady deterioration.

The Administration's proposal to cut SSA staffing by approximately 20% (roughly 17,000 employees) by 1990 further exacerbates this problem. Such a reduction in staff will only mean a further deterioration in the quality of SSA service to beneficiaries.

Our belief is that in order to improve the quality of SSA service and to keep up with an ever-increasing workload, more staff is needed. Any attempt to significantly

reduce current staff would seriously damage the agency's operations and SSA's ability to respond to the needs of its constituent population.

We would also like to voice our very strong opposition to any effort to substantially diminish the current number of SSA offices. Rather than a reduction in the number of SSA offices, we feel that these offices ought to be expanded in order to better serve the needs of Social Security beneficiaries.

As an organization of over 18 million members nationally, AARP is well aware of the current problems in SSA service delivery. For some, retirement can be a difficult experience, which is often worsened by an uncaring and insensitive federal bureaucracy. Efforts should be made to further personalize the relationship between beneficiaries and their government. This is unlikely to occur if an already undermanned and over-worked staff is asked to service an even greater caseload.

The 1,300 SSA offices have come about through very careful consideration of the service requirements of the beneficiary population. This system has developed gradually, over the course of the past 40 years. It stands as the reflection of SSA's past commitment to adapt to increasing service demands as well as to program expansions. Any effort now to cut these offices represents a serious retrenchment of the progress that has been made to date.

The current effort to reduce the number of SSA offices comes on the heels of significant reductions which have already been accomplished in SSA field activities. Since 1981, twenty Social Security offices have been closed. Another thirty-nine have been downgraded. In addition, 605 predominately rural communities no longer have regular visits by SSA personnel.

The present situation in the SSA offices warrants an improvement and expansion of the current delivery system. Even with the current 1,300 SSA office structure, serious problems persist. Many Social Security beneficiaries currently are forced to drive long distances in order to get to their "local" SSA office. Long lines—with attendant long waiting periods—are frequently encountered at the SSA offices as the result of the insufficient number of SSA staff to handle walk-in traffic. Huge backlogs in mail responses have also been experienced as the result of insufficient staffing.

These problems will only be magnified if any diminution of the current SSA office structure were to be accomplished. For many of the nation's elderly and handicapped, the elimination of their local SSA office would create tremendous hardship.

Many would find access to the office severly restricted due to travel-related concerns. While some would experience restricted access, still others (because of eye impairments, hearing problems, limited mobility, etc.) would find it virtually impossible to gain needed access to the re-located SSA office.

Even if a beneficiary could make it to the local SSA office, long waits—even longer than those currently being experienced—would be the order of the day. This would occur due to the increased workload that would be placed upon SSA staff as the result of the closing of some SSA offices. Still longer waits could be expected if SSA were successful in reducing the total number of employees who would be available to assist beneficiaries.

While considerable delays in mail response have been experienced in the past, still longer delays could be expected as the result of the increased demands upon a potentially diminished SSA staff.

It is obvious from the foregoing discussion that either the reduction of current SSA staffing levels or the closing of a significant number of SSA offices would have a potentially devastating impact upon many Social Security beneficiaries. However, these proposals are compounded by SSA's current consideration of an additional proposal which would call for the elimination of all 34 of the agency's telephone service centers. It is our belief that these service centers are an extremely valuable tool to Social Security beneficiaries in the handling of routine questions and answers which do not necessitate a journey to the local SSA office. Therefore, we urge that these telephone service centers be kept intact.

SSA attempts to justify the above-mentioned proposed cuts as methods of streamlining the agency through increased computerization and centralization of activities. However, we agree with the General Accounting Office (GAO) in its basic premise that SSA's streamlining plans are "loosely based" and "based on no model for acceptable service delivery." Therefore, before such radical changes could even be seriously considered, they must first necessarily be based upon a realistic evaluation of the current delivery system, coupled with a detailed analysis of the potential harm that would be accomplished by implementation. This has not been done.

If, as SSA argues, the move is towards more streamlined procedures through automation, older Americans will lose if automation is destined to supplant personal attention. Many of the matters that are dealt with in the SSA offices require personal

attention, and do not lend themselves to computer responses. For many of the nation's elderly, the opportunity to sit down, to discuss Social Security questions and problems with a real live human being, to arrive at a solution to the problem, and to understand that solution, makes all the difference in the world. This need for personal attention, coupled with a reluctance or inability to effectively operate computer terminals, necessitates the continuation of the current community based system of SSA offices.

In addition, SSA's objective appears to be the creation of a centralized agency organization, similar to the organizational structure of the Internal Revenue Service (IRS). However, while such an approach may work well for the IRS, it is inappropriate for SSA due to the nature of its mission. We share the belief that ideal service delivery is one which emphasizes immediate accessibility, where people come face-to-face with the representatives of their government programs, and receive answers that are personal and direct.

In conclusion, it is our conviction that older Americans need greater—not more restricted—access to SSA staff and offices. To propose cutting SSA personnel by 20% and reducing the number of SSA offices by 50%, at a time when the beneficiary population is increasing by 11%, works against the achievement of this goal. It is our hope that this committee will do everything in its power to insure that this access is not in any way compromised.

Thank you for this opportunity to present the views of AARP.

Chairman JONES. Thank you very much. I think the theme that ran through all three of your comments is the need for sympathetic and understanding personal contact between the representatives of SSA and the retired person or the beneficiary of Social Security. That's one of the main concerns we have. Let me ask you, Udell, you mentioned that AARP has surveyed its members and you've heard many problems talked about in the existing system and there will be more if these kinds of changes are made. Without looking at the changes, could you give us a flavor of the problems that are most often repeated in the quality of service that exists today in Social Security Administration?

Mr. LAVICTOIRE. May I turn to my colleague?

Chairman JONES. Why don't you just identify yourself?

Mr. BRUNETTE. I'm Kent Brunette on AARP's Federal affairs staff. We have caseworkers who actually handle casework for Social Security beneficiaries as they call in. It seems that the common problems are those that have been mentioned by everyone today. It seems that there are continuing long waits to actually get someone in the Social Security office to respond to you and backlogs of correspondence have created problems for persons who have written in for one reason or another. It takes about six months or so for them to actually get a response from their letters.

Chairman JONES. Let me ask you. Do you find any difference in the geographical zones or is this universally true?

Mr. BRUNETTE. The complaints seem to be coming from all over the country.

Chairman JONES. Are they enough to establish a pattern?

Mr. BRUNETTE. They're just fairly random. We haven't actually been keeping a tally of where they've been coming from or anything.

Chairman JONES. I would appreciate it if you could summarize what you're getting and try to quantify it as best you can and furnish it to the subcommittee.

Mr. BRUNETTE. I would be happy to.

Chairman JONES. Thank you very much. Bill Driver, you heard the GAO people say that one of their concerns about this whole

measurement of quality of service is that it should be measured against whatever the goals are of our system. What are we trying to achieve in delivering service. Based upon your experience, what would you set forth as goals from which we measure the quality of service of Social Security?

Mr. DRIVER. I think it is true that we are going to reach the point where a number of people can be eliminated. We eliminated 17,000 in Philadelphia with one swoop because we put all of the records of the insurance from World War II on a computer. That worked fine but it took us about 2 years before we could actually go live with the program.

I believe that the criteria has to be the continuation of the delivery of the service. Social Security, from the beginning, established a fine reputation of giving service. This is about the last straw I think in the fact that there are questions throughout the population on the ability to continue it now. I think that primary goal has already been lost.

You understand that you are promised criteria and reasons, but the fellow that gets his check on the second of every month doesn't get that promise. He will worry continuously. Anybody who misses a check is at the state in life where they may never get it back. I think that there's more of a personal feeling about this particular program than there is about any other in the country. I would admit that.

I know that a veteran wouldn't expect to be treated that way in the VA. There are no proposals to reduce veteran's benefits. There are no proposals to freeze the COLA in veterans benefits. I think the reason for that is we've been up that hill so many times. I think they're going to reach the point here in Social Security where the same thing will happen.

Chairman JONES. Mr. Gregg.

Mr. GREGG. I would like to ask Mr. Driver how these field offices got opened. Did you folks have a set of standards that you used for opening field offices when you were the director?

Mr. DRIVER. When I was there, which was after most of them were established, a couple of them folded because we moved a bigger office into the same locality. When I was there, I had to turn down three of them because they just weren't deserved. We had a set of criteria then you would measure in saying no against. I would assume they've still got that. I can't believe but what everyone of these offices is already labeled that the criteria is not already available and that the judgments have not already been made as to exactly which ones will be closed.

Mr. GREGG. You don't agree with the GAO statement that these were opened on an ad hoc basis.

Mr. DRIVER. They were opened on an ad hoc basis, sure. When they first established Social Security in 1940 and began to pay benefits, they decided they needed a field structure. They were really the first organization after IRS that would need that. They established them on a population basis, for the most part. They put them out there to see what would happen. For the next 40 years, it's been a question of polishing that up, having people there that are trained in evaluating these offices, moving things around, and that sort of thing.

Mr. GREGG. I guess the majority of them were established in a burst in the late 1960's and early 1970's——

Mr. DRIVER. They started in 1940 and this went on as benefits were added and as the population of beneficiaries grew. They were basically increased in number because of the great demand for service.

Mr. GREGG. During your familiarity with the system, has there been any systematic review of the delivery of service nationwide relative to the regional offices?

Mr. DRIVER. Yes. In connection with the budget process every year, there was. The district offices were expected to provide a questionnaire on that subject each year.

Mr. GREGG. Was there ever the type of study that GAO is talking about?

Mr. DRIVER. There has been no national systematic study.

Mr. GREGG. If we developed on this committee—as a result of the hearing process, and input from folks like yourself who are very close to the recipients and input from GAO and the administration—a set of standards or goals against which we would judge the delivery system and, after applying this set of goals, we could show that reduction in personnel can be accomplished, would it still be the position of your organization that you would be opposed to reduction in personnel?

Mr. DRIVER. We would be perfectly willing to put a standard up that everyone generally agreed to and abide by it.

Mr. GREGG. Is that true of the other organizations?

Mr. WEWER. I think you have to recognize that there are both quantitative standards, as well as a qualitative aspect of measurement. I think if you completely ignore the qualitative aspect that you can get yourself into trouble. You set up a standard and you abide by it. My personal suspicion is that, were this subcommittee to set up a standard and to apply it to Social Security, that you would find that the magnitude of reduction is not justified and that in many ways the service is not sufficient even now.

Mr. LAVICTOIRE. I would agree with what's being said. What I get from local people in the administration of Social Security is their desire for adequate guidelines as a basis for making decisions.

Mr. GREGG. I agree with that. It does appear to me that we finally have the Social Security Administration looking at the system, but maybe not looking at it with any guidelines or ascertainable standards to refer to. At least we have them looking at the system which seems to me that's something that we should have done on a periodic basis. Thank you.

Mr. DONNELLY. You bring a wealth of experience, especially as a former Commissioner. During your tenure at Social Security, what was your relationship with OMB?

Mr. DRIVER. It was at arms length. I was not permitted to deal with the President as a Commissioner and I doubt that the Secretary seldom saw the President and, when she did, she did not talk about Social Security. My previous experience in this was with the Veterans' Administration where I did not deal with OMB. I dealt only with the President. It made a big difference.

Mr. DONNELLY. Do you think the present Commissioner has that same relationship?

Mr. DRIVER. I don't think there's any relationship.

Mr. DONNELLY. Thank you gentleman. The next witness is Mr. Stephen D. Bauer, president of the National Council of Social Security Management Associations, Inc.

STATEMENT OF STEPHEN D. BAUER, PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC.

Mr. BAUER. Thank you, Mr. Chairman. I've submitted a statement for the record and I'll summarize it for you. I am Steve Bauer and I'm president of the National Council of Social Security Management Associations. I do that on a voluntary part-time basis. My main vocation is as district manager with the Social Security Administration in Minot, ND. I'm accompanied today by G. Jerry Shaw, who is our legislative counsel.

I thank you for the opportunity to present the views of the Social Security Management Associations here today and I'm glad you are concerned and are holding these hearings over the issue of the quality of the Social Security services. Our voluntary organization represents the managers and supervisors of the Social Security field offices around the Nation. We are a large diverse nonpartisan organization recognized as being supportive and complimentary to Social Security Administration management initiatives.

I feel uniquely qualified to testify before you today because the people I represent are in the most publicly visible and accountable jobs in our Agency. We are on the cutting edge of public reaction to every executive, legislative, judicial, and Agency decision affecting the Social Security Program.

We also bear the brunt of any criticism our agency or program receives. The service that the Social Security Administration provides for the American public is truly remarkable. We provide almost $200 billion in income support to 40 million people and those numbers are growing. In addition, we keep earnings records on 120 million Americans. Last year alone, we processed 193 million wage statements on these workers. The programs, as well as the shear number of people we deal with, have increased tremendously over the past decade and will continue to do as our population grows and ages.

In the same decade, despite increasing workloads and program responsibilities, our staffing levels and resources have actually declined. At the end of fiscal year 1975, SSA had almost 75,000 full time employees. We will end this fiscal year with barely 72,000.

We are statutorily required to provide a service to the American public, but we are every year given fewer and fewer resources with which to do so. Still, we have maintained excellent service to the public because the productivity of SSA employees has risen at over double the rate of the private sector over the last 5 years. A fine balance has emerged that has enabled us to absorb additional workloads, while maintaining exceptional service and a high rate of efficiency and accuracy.

This year we have been impacted by inquiries based on the taxation of benefit provisions of the 1983 amendments. We are now in the process of implementing the 1984 Disability Benefits Reform

Act that will require us to resume continuing disability reviews. Soon we will be implementing the IRS/SSA interface provision of the Deficit Reduction Act of 1984 which will require numerous contacts with SSI beneficiaries to check their records. We are also in the first full year of representative payee accountings. All this is in addition to the routine work that we do year in, year out.

Of major concern to us is the maintenance of the quality of service to the public. The quality of service rendered is measurable in several ways. Travel distances to offices is of major concern for the elderly and the disabled, as is the time spent waiting in our offices. Even now, waiting times in some large city offices with high volumes of walk-in traffic are not always acceptable. Phone lines are often jammed and rural areas are already impacted by our closing over 600 contact stations since 1981.

It is our duty to see that these factors do not deteriorate to the point where it severally affects the people we serve. Accuracy in payments and record keeping are crucial both to recipients of benefits and to our budget. In order to maintain a high rate of accuracy, we must have the personnel resources to assess and continually reassess beneficiary claims and situations.

I speak here as a taxpayer, not as a self interested Federal employee. Our field office structure pays its freight. SSA managers run the biggest dollar programs in the country. We manage personnel operation involving million dollar payrolls and high volume material resources. We are increasingly held accountable for the timely and accurate payment of hundreds of millions of dollars in our service areas.

Nationally, we collect over $1 billion in debt each year. This money doesn't fall into our laps from a conscience-stricken population. Field office staffs throughout the country work to retrieve it. The whole trend in recent years is more, not less, contact with the public in order to prevent misspent dollars.

Apart from the fiscal aspect, we feel that it is necessary to reaffirm our commitment to provide courteous, sensitive, and dignified service for the public. Each day in an office, you often see interviews such as: A frail, bewildered elderly woman who was overpaid because her son withheld information from us and her about his school attendance; an illiterate, poverty-stricken SSI recipient was sent to us by his bank because his SSI check did not arrive through direct deposit. He has no money for food and he has no money for his rent.

We are aware of the proposal to cut the 17,000 people from the SSA staff over the next several years and feel this may well result in the closing or consolidation of hundreds of offices. We're concerned about our ability to continue to provide the quality of service that the administration of our program in these sensitive situations requires. We do not want to repeat our errors of the past such as when the disability program was thrown into disarray when too much was attempted too soon with too few resources when we reviewed the medical condition of those on the roles.

We are afraid that the number of reductions was decided on arbitrarily. Where reductions are to be considered, the practice should involve a study of the situation to determine where and how many

reductions can be made without damaging service to the public or reducing our payment accuracy.

Speaking as someone who works in the field, who deals directly with the public, and is responsible for implementing administrative policy, it is not possible that such a study could have been done and the number 17,000 arrived at.

We are concerned that reductions made without first determining area and recipient needs will destroy the balance that has allowed SSA to absorb administrative changes and increased workloads while maintaining excellent service at an exceptionally low administrative cost.

We hope that great care will be taken in approving any cuts that will affect our administrative structure. It is service to the elderly and the infirm that will ultimately suffer if reductions in personnel and offices are not appropriate. A minimum standard of service must be the basis upon which the feasibility of reductions are determined.

The staffing cuts seriously disturb us. A service delivery assessment is necessary as a good management tool in order to assure that we are delivering efficient and effective service. Our grave concern is that the assessment of service will be performed with budget concerns being the overriding consideration. In light of the mission of the Social Security Administration, this is totally inappropriate. We must define the minimal acceptable level of service and structure our agency and its budget to meet those standards rather than to lower our standards in order to meet an arbitrary administrative budget.

Mr. Chairman, this concludes my statement and I will be happy to answer any questions that you may have.

[The prepared statement follows:]

STATEMENT OF STEPHEN D. BAUER, PRESIDENT, NATIONAL COUNCIL SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC.

WHO WE ARE

Our Association was founded 15 years ago to represent the views of SSA field office managers and supervisors. The Association flourished because of the need for field office managers to have the opportunity to present unfiltered views to top regional and central office administrators. We are a management association which is recognized as supportive of and complementary to SSA management initiatives. We have over 4,000 member managers and supervisors located in 1,350 field offices and teleservice centers throughout the United States. There are members in every congressional district in our voluntary, dues supported organization.

I feel uniquely qualified to testify before you today because the people I represent are in the most publicly visible and accountable jobs in our agency. Each year about 25 million Americans visit Social Security offices, and another 20 million telephone us. We answer tens of thousands of congressional inquiries and other advocacy requests; prepare and deliver thousands of speeches, broadcast, and print media releases; and engage in other activities to inform the public about Social Security. We are on the cutting edge of public reaction to every executive, legislative, judicial, and agency decision affecting the Social Security program. We also bear the brunt of any criticism of our agency or program.

THE ENORMITY OF THE TASK

When looking at the quality of SSA's service, one first has to examine the enormity of the task facing the Agency. In fiscal year 1984, SSA paid $156 billion to 36 million retirement, survivor, and disability beneficiaries as well as $7.5 billion to 3.5 million SSI recipients. During the same year SSA processed 4.4 million Title II

claims, 1.2 million Title XVI claims, and 1.1 million appeals. To properly maintain the Title II beneficiary rolls, 55.7 million postentitlement actions were processed. About 7.8 million additional postentitlement actions were taken to maintain the SSI rolls. In addition, 7.5 million Medicare actions were taken, 12.7 million new or replacement Social Security numbers were issued, and 193.7 million annual wage reports were posted. Our activities do not stop there. We are still involved in the Black Lung claims and postentitlement process, and we accept food stamp applications and recertifications. In addition, we are a focal point for prompt, correct information and referral to all other Federal, State, and local agencies. We guide millions of Americans through the maze of governmental services so that they may take advantage of all the programs available to them.

A HISTORICAL PERSPECTIVE

SSA proudly celebrates its 50th anniversary this August. Our field structure has progressed purposefully from the inception of the program. Clearly, the founders of our social insurance system recognized its uniqueness.

Social Security arrived as an unprecedented federal presence in our citizens' lives; a national bookkeeping system coupled with a new payroll tax promising future earned-right payments. Family benefits, based on documentable legal relationships had a profound implication for the program's service delivery. Just as insurance companies had agents in every community, so was Social Security made available to every claimant—at first on an itinerant basis and, currently, by premanent facilities.

SSA's "botton line" was personal, helpful, courteous service. The program required the goodwill of the American people. In their wisdom, the founders of the system decided to pay for it from program revenues. Thus, a self-supporting program geared not to cheap administration but good service was instituted. The public got its money's worth. We have been justly proud of the less-than-two-percent costs with which we built and operated the most massive and complex social program in the world.

There is now a growing tendency to depart from traditional SSA values. We are viewed as a big check-writing machine and as a target for those eager to make major reductions in Federal expenditures. Our budget has been an irrestible temptation.

SSA's commitment to community-based service long predates the rapid growth of branch offices in the 60's and 70's. In 1958, SSA was proud to issue a statement of Bureau objectives. "Objective 6: Maintain an organization in which the public has a high degree of confidence and with which it is willing to cooperate" emphasized that "the effectiveness and economy of our administration depend upon an underlying willingness on the part of the public to cooperate. We could not force, without prohibitive expense, what is now done willingly. What people think of us, the picture of the organization they carry in their mind, derives from the type of personnel we select to represent the Bureau, how we train them, what our offices look like, the attitude of friendly and dependable service we adopt in all our public contacts." Objective 8 dealt specifically with service: "Maintain levels of service appropriate to our insurance program based on a concept of earned right and which will enable the Bureau to protect and maintain the rights of program participants." Part of this objective deals specifically with our philosophy about field facilities: "The number, qualifications and training of staff, housing, equipment, and technical facilities must all be matched to the kind of jobs we do and the quality with which we must perform them. Particularly at the place where the public meets the program our facilities should fully reflect the character of the program and the way it is administered. It is an important part of this objective to have facilities in the field which in type of space, location, and number will provide convenience and comfort to the public and reflect credit on the program and the organization."

As the program expanded in the 60's and 70's, the number of field facilities also expanded. The Medicare program brought about a real need for much more frequent contact by the elderly. Also, the explosions in America's inner cities obviously impelled even further expansion, not out of intimidation but out of realization that America's biggest anti-poverty program needed to be close to the most vulnerable and "remote" or our society. SSA was being true to its mission and its heritage. There was a logic to field office expansion that is ill-understood at present.

The impact of the SSI program must also be considered. The need to serve an impoverished clientele has borne out the need for neighborhood offices. Without exception, in our experience, welfare offices are more numerous than SSA's. Frequent contacts with a public whose circumstances and needs must be evaluated frequently,

unlike the insurance program, create a need for more offices, rather than fewer. In urban areas, the sheer volume of recipients required that there be sufficient facilities to serve the public. In many instances, it became necessary to establish offices quite close together geographically because it was impossible to obtain large enough space in a single facility to cope with the numbers of people. If anything, our debt management problems pointed out the need for us to be even more visible in the community. We are even now spending hundreds of millions of dollars that could be saved if we were not so distant from our recipients despite our many offices.

The average citizen cannot deal with the maze created by the Social Security Act, regulations, and policies unaided. Without the community based Social Security facility, the savvy and the rich would turn to private experts at great cost to themselves. The most vulnerable in our society, if not picked up and assisted by the social security network, would be completely lost in the system, not paid the benefits to which they are entitled.

For the most part, SSA determined its current facilities by placing emphasis on service and sound administration. In the rare situations where mistakes were made in establishing facilities or where changing demographics have changed the service needs, changes have been made by SSA without tearing down the whole fabric of an effective field structure. What is too small a facility or too large a facility can only be determined on an individual basis taking into account the demographics, geography, and service and administrative needs of SSA.

The final rationale for our extensive network of offices is common decency. Filing a claim for Social Security or SSI benefits almost always represents a crisis in the applicant's life. Certainly recent death and disability are traumatic, but even retirement represents a watershed point. The occasion of filing for benefits is one that SSA has always tried to meet with dignity and a business-like setting.

We managers and employees have tolerated itinerant stations, mobile units and shabby, overcrowded offices. We have never regarded them as fitting or proper. Our standards should not be diluted by a desire to save money at the expense of grieving widows, the suffering disabled, or the confused elderly.

Perhaps no other agency must routinely probe the most intimate details of a person's life. Circumstances of divorce, illegitimacy, mental competence, and poverty are typical issues explored in interviews. Where those interviews take place, and in what surrounding, tells a lot about this government's sensitivity to its citizenry. We can be justly proud of SSA's historical attempts to assure that the solemnity and privacy of our claimant's business is respected. One does not expect to bare one's soul to a professional interviewer from the back of a bus, a library reading room, or a public phone booth. Community based offices assure that such insults will be kept to the minimum.

WHERE WE ARE TODAY

We are justifiably proud of our record of accomplishment. We deliver high quality service to the American public at low cost. The productivity of Social Security employees has risen at over double the private sector rate for the past 5 years. In 1977 there were 38 million SSA and SSI beneficiaries. In 1985 there are over 40 million. In 1978 SSA did the job with 80,318 full-time employees. In 1985 the job will be done with barely 72,000 employees. In a recent survey of taxpayers conducted by the Roper Organization, individuals were asked how much of every $100 that was taken out of their paychecks for Social Security went to administration. The average response was $52! The actual answer is less than $1.40. No private sector or other Government program can match this record.

Recent reviews of the payment accuracy of the beneficiary rolls show that 99.6 percent of the retirement and survivor benefits and 96.4 percent of the SSI payments we make are correct. This is an enviable record, but we realize that we will spend over $200 billion in fiscal year 1986 and that even a one-half of 1 percent error rate equals one billion dollars in incorrect payments. We must continue to strive to do better.

Under the able leadership of Acting Commissioner Martha McSteen, SSA has been accelerating productivity improvements through simplified policies and procedures and systems enhancements. The Social Security Management Association has been proud to be a significant part of that effort, suggesting many simplified procedures which have been implemented.

We fear, however, that we are nearing the breakeven point. Productivity improvements are barely keeping pace with increased workloads. Systems modernization within our agency will mean that we can process data more rapidly; but there will be more data to process; and there are still current problems to address.

Waiting times in some large inner-city offices with high volumes of walk-in traffic are not always acceptable. During busy periods, inquiries still have trouble getting through to us on our jammed phone lines. Rural areas have already been impacted by our closing over 600 contact stations since 1981. We must be there when the public needs us, and we must be there because it is the fiscally responsible thing to do.

I seek to speak here as a taxpayer, not a self-interested government employee. I honestly believe our field office structure pays its freight. Program dollars far outweigh our administrative expenses. SSA managers run the biggest dollar programs in the country. We manage a personnel operation involving million dollar payrolls and high value material resources. We are increasingly held accountable for the timely and accurate payments of hundreds of millions of dollars a year in our service areas.

We collect over one billion dollars in debt each year. This money doesn't fall into our laps from a conscience-striken population. Field office staffs throughout the country work to get it. The whole trend in recent years is more, not less contact with our public because program costs demand it. We need more frequent reports from working retirement and survivor insurance beneficiaries. We need more regular accounting from payees. We need personal interviews with protesting, overpaid beneficairies and disability beneficiaries subject to a reveiw of their medical condition.

Administration of the Social Security law, as with most legislation, requires the cooperation and consent of the governed. The costs of administering the program when fees for services are implemented or when law enforcement methods must be used skyrocket. For years we have relied on the cooperation of employers, funeral directors, social agencies, the medical profession, and others in the private sector to assist in administering the program. This has been accomplished, not be fiat from Washington and Baltimore, but as a result of the community contacts and relationships established by field offices.

Apart from the fiscal viewpoint, we feel it is necessary to reaffirm our commitment to provide courteous, sensitive, and dignified service to the public. A typical day in an SSA field office will include interviews with claimants or beneficiaries such as:

A frail, elderly woman overpaid because her son withheld information from us (and her) about his school attendance.

An illiterate, poverty-striken SSI recipient sent to us by his bank because his direct deposit check didn't arrive. He has no food and no money to pay the rent.

A woman filing to be payee for her children. She is accusing her husband, who is currently their payee, of abusing her and the children.

An operator of a grocery store alleging that he is retired and should receive his benefits although he is still working part-time.

A women filing for benefits for her illegitimate child trying to come up with sources of evidence that the deceased wage-earner was the father of her child.

In most cases we can help these people. If we can't, we insure they are referred to the proper agency whether it's for social services, food stamps, Medicaid, veteran's benefits, workmen's compensation, counseling, or private assistance. What value can be placed on these services?

WHERE WE ARE HEADED

We are worried about our future ability to provide the quality of service to the public that good government requires and to provide the quality of work that our enormous fiscal program demands. We certainly do not want to repeat the errors of the past.

Let us not forget the debacle created in 1974 when we tried to implement the SSI program with a fraction of the staff used by county welfare offices to administer the same programs. More recently our disability program was thrown into disarray when we tried to do too much, too soon, with too few resources as we reviewed the medical condition of those on the rolls.

This year we have been impacted by inquiries from the taxation of benefits provision of the 1983 Amendments. We are now in the process of implementing the 1984 Disability Benefits Reform Act of 1984. We will soon be resuming continuing disability reviews, and we need to insure we have adequate staff to compassionately and fairly conduct these reviews. We will soon be implementing the IRS/SSA interface provision of the Deficit Reduction Act of 1984. This will create a greater need that ever to contact our SSI recipients about potential inaccuracies in their records. Finally, we are in the first full year of additional representatives payee accountings

required by the Disability Amendments of 1984. This is an important, sensitive workload necessary to insure that the intended recipient is benefitting from their SSA or SSI check. Unfortunately, this is a workload that tends to be pushed aside during busy times.

In addition, we are worried about our ability to attract and retain good employees. Repeated attacks on the Federal workforce and erosion of Federal employee benefits have made it difficult to recruit the type of employee we need. Our professional staff must not only be able to understand the complex and voluminous Social Security Act, regulations, and procedures, but must also be able to explain them to the public. In addition, they must balance their efforts carefully between compassion for their clients and their responsibility to protect the trust funds from unauthorized expenditures. Field office employees must be both master technicians and caring, compassionate interviewers. Our recent recruitment efforts have not attracted the quality candidates that we have seen in the past, and more and more often we see our best employees leaving government service to accept more lucrative positions in private industry.

Let me close by saying we are not arguing against justifiable cuts based on bona fide productivity improvements. We look forward to the modernization of our systems capability and the benefits it will bring. Our concern lies with the FY 86 budget proposal which includes a 20 percent (17,000 person) cut in SSA staff over the next five years. We do not believe there is adequate documentation of savings from simplified policies and procedures and/or from systems modernizations that would justify cuts of this magnitude.

For example, in the next few years SSA's field offices will be equipped with computer terminals that will allow interviewers to input some benefit applications directly into our central computers. While this procedure will save some time overall, we believe that at least initially it will result in longer interviews and may increase waiting times. Witness the experience of the Aetna Life Insurance Company. They embarked on a project somewhat similar to our modernization efforts with their field agents. They found that, at least initially, it took them more time to process their work than before because of unfamiliarity with the new equipment and its applications.

SSA is also about to embark on a review of all field facilities. While we feel that it is a good management practice to periodically review your service delivery network, we have several serious reservations about the methodology. Before the reviews begin, we feel it is necessary to define the type of service SSA is trying to deliver. For example, how far should someone have to travel to get to an office, how long should they have to wait to be served when they get there, how many times should they have to call before they get through on the phone? This has not been done. Secondly, we fear the review of field offices will be budget-driven. The aforementioned proposed cut in SSA's personnel will not, in our opinion, enable our agency to maintain our current field structure of 1,350 offices even if our assessment shows each and every office is necessary to provide good public service.

Thank you for the opportunity to testify.

Mr. DONNELLY. Thank you. Mr. Coyne.

Mr. COYNE. I have no questions.

Mr. DONNELLY. Mr. Bauer, you are the district manager of the office in Minot, ND.

Believe it or not, I've been to Minot. I come from Boston but I've been to Minot. How's the morale?

Mr. BAUER. The morale is generally good but a lot worse than it has been in the past. Our staff and our public are concerned with potential cuts. It affects their ability to do their job. The public is worried that they will have to travel tremendous distances. They may now have to travel up to 100 miles to get to the closest office.

Mr. DONNELLY. That was going to be my followup question. What's the service area for the office in Minot? How far away do you service?

Mr. BAUER. The district that I have consists of the district office in Minot, a branch office in Devil's Lake, and a resident station in Williston. The resident station is 120 miles to the west of my office and the branch office is 120 to the east of my office. We also go 80

miles north of there to the Canadian border and about another 40 miles to the south of Minot before the service area begins to be picked up by Bismark. It's a tremendous geographical area.

Mr. DONNELLY. According to this memorandum from the Select Committee on Aging, they would close Devil's Lake and Williston and downgrade Minot.

Mr. BAUER. Devils Lake and Williston both have less than 10 people in them and Minot wouldn't fit any of the criteria that we're even proposing in the service delivery assessment. We have less than 25 people but we're not within 25 miles of another full service facility. In my mind, if a review were done of my service area, I would certainly try and justify both those facilities on the basis of the geographical distances people would have to travel if those facilities were closed.

Mr. DONNELLY. On the freezing of the employment level and using attrition as a way to reach personnel goals, what would be the practical effect of that in your district?

Mr. BAUER. It's already beginning to occur. We tend to lose our clerical staff first.

Mr. DONNELLY. What's the average clerical pay?

Mr. BAUER. The average pay would be about $12,000 to $15,000 for a grade 4 journeyman. Our professional employees have to pick up that clerical work. We also tend to lose, particularly in small operations, people that have unique functions in an office. We have people that specialize in some areas because the law is so complex, and they're very difficult to replace.

Mr. DONNELLY. I have no further questions. If you would, please leave yourself available for written questions from other members of the committee who are not here at this time. Thank you very much.

The next witness is Mr. Kenneth Blaylock, national president, American Federation of Government Employees. Mr. Blaylock, welcome.

STATEMENT OF KENNETH T. BLAYLOCK, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Mr. BLAYLOCK. Mr. Chairman, I would like to thank you for the opportunity of presenting the views of the American Federation of Government Employees and the 76,000 workers of the Social Security agency that we represent.

Other members of my union representing our bargaining council and the field offices and headquarters have and will be testifying before you. I would like to make my remarks in a general way outlining the view that we see from our union. Today we are discussing proposals to close Social Security offices and cut some 20 percent of the staff. In weeks to come, I will be called to testify on closing other Federal activities and cutting other Federal jobs as well in many other agencies. We recognize the budget problem but the proposals to cut staff and close offices, cut Federal pay and benefits, should not be brought forward because of our concern over the budget deficit. This should not be a part of the debate, especially in Social Security. Social Security is funded from separate

sources other than general tax revenue and, from that point of view, we think the responsibility of service to the public should be the first criteria because the public basically pays in a different way for this service.

For more than 10 years, we've witnessed a relentless slander and degradation of the Federal civil service by political and media forces in this country. It began with a disillusionment with the Government which all of us felt during the latter days of Vietnam and the Watergate era. I think it comes from self interest of some politicians who are anxious to separate themselves from the ugly reputation of the professions, blaming the Federal Government and its employees for the problems and mistakes of the politics and political policies of our country.

Today, the average American is so convinced that his government is so badly run that he thinks 47 percent of its budget is waste. That view is obviously far out of reality but the decisions are made on those assumptions and will damage our country's welfare and our defenses.

Yet, because of such attitudes, the Government has truly become a poor and negligent servant of the people by the policies and the politics of the Nation. The Government has become a bad place to work and it's a worse instrument of public policy.

Its executive management has become weighted down by political hacks, yet many of its prominent positions remain vacant, including that of the Commissioner of Social Security. It does not have the staff or the resources it needs to do its daily work and that work is not done or is not done as well as it should be.

In Social Security, the story is infamous how the public suffers from shortcuts in computations and claims processing and how half the changes of addresses and status are not processed timely. As an example, in some of the teleservice centers, employees are told not to spend more than 2 to 4 minutes on each call. Even with that, up to 20 percent of the callers never get through the busy signal or hang up after waiting more than 20 minutes. Far more wrong than the nuisance of bad service is the frightening tendency of our Government to disregard the rights of citizens and the rule of law. The faithful execution of the laws of Congress has been transgressed more and more by the Office of Management and Budget which now directs the broadest policy and most narrow practices of Federal agencies. There is no Commissioner of Social Security who can be held accountable for these proposals we face today. There is, instead, a hidden or secret person or group of persons in OMB who run the Social Security Administration without the confirmation of the Senate and without the oversight of the House of Representatives.

In place of policy deemed fit by its measures against the law and the intent of Congress, it's now a policy of cost/benefits. But at whose cost and whose benefits are these policies made? Those whose benefits were taken from them so that the disability program might be more cost efficient could tell you one view.

In this specific instance, hearings of the House Committee on Appropriations have revealed that this plan to close field offices and cut staffing was not developed by the Social Security Administration but was imposed on them by OMB. There has been no study of

the impact of these cuts on the service to the public or on the work force. They are just numbers pulled from the air and no effort has been made to assess or mitigate the adverse consequences. We hope this committee hearing is an effort in that direction.

Most of the job cuts are said to be justified by the systems modernization plan of the Social Security Administration. While some increased productivity may be realized by some of the automation in the system modernization plan, the figures shown are totally unrealistic. To date, the chief accomplishment of the system modernization plan has been a massive purchase of new hardware. It has benefited SSA by the increased computing power and has saved it from the potential failure of its program which threatened it in 1981. It has not fundamentally altered the nature of the work or improved productivity or automated old jobs in ways that justify the elimination of the jobs.

The problem is that OMB is demanding job cuts as payment in full for the money spent on that and future hardware. Automation must be justified and paid for savings in personnel costs.

Someday some improved productivity may be realized from this automation. The claim modernization plan, as an example, will someday make it possible for employees to get claims done faster. As for now, the improvements will be modest. The most complex and time consuming claims work will remain essentially unaffected. Retiree claims are already so highly automated and simplified that most of them are processed in a matter of days.

If substantial savings of work years could be realized from this automation, what should we do with them? Should we eliminate those jobs to cut personnel costs or should we turn these workers to other tasks; those that remain neglected and those beneficiaries that have been shortchanged; those that have to wait so long on the phones and in the reception areas to get help.

Each individual citizen of the United States is entitled to the Social Security benefits due them by the law, not just those that are administratively convenient. Yet, every retiree that applies for benefits today cannot be certain that he is getting the full benefit to which he is entitled because the Government has stopped reviewing the full earnings records in order to save money.

Many disability recipients who also receive workers compensation are getting less Social Security benefits than those they deserve because the proper computation involves more work than the Government wants to put into it.

If there are really more workers to be made available because of automation, shouldn't Social Security use them to solve problems such as these? The citizen has become a number or digit in a column of numbers. How he is treated depends upon where on the ledger he falls. If he's one of the 10 to 12 million whose earnings were lost or scrambled in 1978 and 1979, his earning record will never be correct because it's too costly to correct them. If he's among the tens of thousands of SSI recipients who were overpaid in 1974 during the chaos of the implementation of that program, that fact that the overpayment was not his or her fault and that its recovery was waived by the then Commissioner Cardwell was overlooked by the Administration in 1983 when it wanted to recover

that money 8 years later and threatened to cut off their only income if he or she doesn't pay it at once.

Better that Congress should repeal the laws than see them corrupted by this administration. It's dishonest and it's a threat to the rule of law to adopt an act of Congress and allow it to be written by regulations to mandate a protection for consumers, laborers, common people living in a community poisoned by chemicals, and then let the enforcement of the law ignore them and excuse itself for reasons of alleged cost benefit.

A Government that weighs the welfare of its citizens against the cost of that welfare and chooses not their welfare has surrendered to the interests of money. It is Government that is a democracy in name only whose real nature and daily business is like a marketplace where the wealthiest prevail or sheer majorities crush the rights and interests of individual citizens seeking equal justice. This is most dangerous for America. Given this experience, it is no wonder that the people have become fearful and distrustful of their government, resentful of taxes they pay, suspicious of each other when they petition the Congress.

Our plea is not merely whether some offices may close or some jobs are cut but that the Government of the United States be renewed with a vision and practice of integrity and professional skill. We do not oppose automation or efficiency or cost reduction but we do oppose these things when they lack these proposals; when phony numbers and illusions are doctored to justify the disintegration of the Federal Government. Real and effective remedy is available. Many other agencies of Government are being disassembled, corrupted by their administration; some may all but perish.

The Social Security Administration must not. It's too vital for too many. It can be protected if it is made truly an independent from such manipulations, if it is established as an independent agency with clear authorities and compelling duty to keep the faith of the laws under the charge. To make this program substantially different, we must separate the politics of the programs from the administration of the programs. The establishment of a bipartisan board to oversee policymaking is part of the solution. Restoring professional integrity to the management by removing it from political appointments is part of the solution. Granting to its management officials the normal authorities to manage like those who manage in the private sector and holding them accountable for their actions also is part of the solution.

We, therefore, urge the Congress and this committee to take the following actions: Take up the legislation now pending on the issue of the independent agency status of Social Security; amend to incorporate these principles; demand that Social Security complete a full study of the impact of these office closings and these cuts in staffing before they undertake them. In addition to this, affecting the technical amendments you are now considering would seem to be the most appropriate method to accomplish it. Provide, through appropriations, measures that the Social Security Administration recommit any real work year savings to improve the quality of its public service and to specifically resolve such administrative problems as those to which we've testified today.

Mr. Chairman, that completes my statement. Either myself or John Harris, my assistant, will be glad to answer questions you may have. Again, we appreciate the opportunity to make our views known.

[The prepared statement follows:]

STATEMENT OF KENNETH T. BLAYLOCK, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Mr. Chairman and Members of Congress, my name is Kenneth T. Blaylock. I am the National President of the American Federation of Government Employees which represents about 750,000 Federal employees and which has been the national exclusive representative for 72,000 Social Security employees since 1979.

Today we are here to discuss proposals to close Social Security offices and cut 20 percent of their staff. In weeks to come I and others of my union will be called to testify on closing other Federal activities and cutting other Federal jobs as well as these.

These proposals to cut staff, to close offices and to cut Federal pay and benefits are not brought forward because of concern over the budget deficit and should not be a part of the debate. No, they do very little to remedy that deficit. That deficit is so huge that nothing will really help but changing our fundamental public policies of taxes and spending. But that is not the subject of this hearing.

For more than 10 years we have witnessed a relentless slander and degradation of the Federal civil service by the political and media forces of this country. It began perhaps with disillusionment with the Government which all of us felt during the latter days of Vietnam war and because of the disgrace of the office of the Presidency. It comes also from the self-interests of some politicians who are anxious to separate themselves from the ugly reputation of their profession, blaming the Federal Government and its employees for the problems and mistakes of politics. Today the average American is so convinced that that his Government is so badly run that he thinks 47 percent of its budet is waste. That view is so far our of reality that decisions made on that assumption will damage this country's welfare and defense.

Yet largely because of such attitudes, the Government has truly become a poor and negligent servant of the people. Through no fault of its employees, but by the politics of the Nation, the Government has become a bad place at which to work and a worse instrument of public policy. Its executive managment has become weighed down by political hacks. Many of its prominent and important positions remain vacant—including that of the Commissioner of Social Security. It does not have the staff or resources it needs to do its daily work and so that work is not done or is not done as well as it should be done. In Social Security the stories are infamous: how the public suffers from shortcuts in computations and claims processing; how half the changes of address and changes of status are not processed timely; how the public waits and waits for service and then gets treated in haste because so many more wait behind them. In some of the teleservice centers employees are told not to spend more than 2 to 4 minutes on each call and, even with that, up to 20 percent of the callers never get through the busy signal or hang up after waiting more than 20 minutes.

But far more wrong than the nuisance of bad service is the frightening tendency of our Government to disregard the rights of citizens and the rule of law. The faithful execution of the laws of Congress is transgressed more and more by the Office of Management and Budget which now directs the broadest policy and most narrow practices of Federal agencies. There is no Commissioner of Social Security who can be held accountable for these proposals we face today; there is instead a hidden, a secret person or group of persons in OMB who run the Social Security Administration, without the confirmation of the Senate and without the oversight of the House of Representatives. In place of policy deemed fit by its measure against the law and the intent of Congress, is now a policy of "cost/benefits". But at whose cost and to whose benefit are these policies made? Those whose benefits were taken from them so that the disability program might be more "cost/efficient" could tell you one view.

In this specific instance hearings of the House Committee on Appropriations has revealed that this plan to close field offices and cut staffing was not developed by the Social Security Administration but was imposed on them by OMB. There has been no study of the impact of these cuts on the service to the public or on the workforce. These are just numbers pulled from the air, and no effort was made to assess or mitigate the adverse consequences.

Most of the job cuts are said to be justified by the Systems Modernization Plan (or the so-called "SMP") of the Social Security Administration. While some increased productivity may be realized by some of the automation in the SMP, the figures shown are totally unrealistic. To date the chief accomplishment of the SMP has been a massive purchase of new hardware. It has benefited SSA by the increased computing power and indeed has saved it from the potential failure of its programs which threatened it in 1981. But it has not fundementally altered the nature of the work or improved productivity or automated old jobs in ways that justify the elimination of jobs. The problem is that OMB is demanding job cuts as payment in full for the monies spent on that and future hardware; automation must be justified and paid for by savings in personnel costs—or putting it more bluntly, to put a computer in, OMB says, you've got to move some people out.

Someday some improved productivity may be realized from this automation. The "claims modernization plan" will someday make it possible for employees to get claims done faster, but as of now and into the forseeable future the improvements will be modest. The most complex and time-consuming claims work (e.g., disability and SSI claims) will remain essentially unaffected. Retiree claims are already so highly automated and simplified that most of them are processed in a matter of days, typically 2 to 3 months in advance of when first payment is due; little real productivity improvement can be realized here. But if substantial savings of work-years could be realized from this automation, what should we do with them? Should we eliminate those jobs to cut personnel costs? Or should we turn those workers to other tasks, those that remain neglected, those beneficiaries that have been short-changed, those that have to wait so long on the phones and in the reception areas to get help?

Each individual citizen of the United States is entitled to the Social Security benefits due to him by law, not just those that are "administratively convenient" for him to be given. Yet every retiree who applies for benefits today cannot be certain that he is getting the full benefits to which he is entitled because the Government has stopped reviewing his full earnings records in order to save money. Many disability recipients who also receive Workers Compensation are getting less Social Security benefits than they deserve because the proper computation involves more work than the Government wants to put into it. If there are really more workers to be made available because of automation, shouldn't Social Security use them to solve problems like these?

The citizen has become a number, a digit in a column of numbers. How he is treated depends upon where on the ledger he falls. If he is one of the 10 to 12 million whose earnings were lost or scrambled in 1978 and 1979, his earnings record will never be correct because it's too costly to correct them. If he is among the tens of thousands of SSI recipients who were overpaid in 1974 during the chaos of the implementation of that program, the fact that the overpayment was not his fault and that its recovery was waived by then Commissioner Cardwell was overlooked by this administration in 1983 when it wants to recover that money 8 years later and threatens to cut off his only income if he doesn't pay it up at once.

Better that Congress should repeal the laws than see them corrupted by their administration. It is dishonest, it is a threat to the rule of law—to adopt an act of Congress and allow it to be rewritten by regulation, to mandate a protection for consumers, laborers, common people living in a community poisoned by chemicals, and then let the enforcement of the law ignore them and excuse itself for reasons of alleged "cost/benefit". A government that weighs the welfare of its citizens against the cost of that welfare and chooses not their welfare has surrendered to interests of money. It is government that is a democracy in name only, whose real nature and daily business is like a marketplace where the wealthiest prevail or sheer majorities crush the rights and interests of individual citizens seeking equal justice. This is most dangerous for America. Given this experience it is no wonder that the people have become fearful and distrustful of their government, resentful of the taxes they pay, and suspicious of each other when they petition Congress.

Our plea then is not merely whether some offices may close or some jobs are cut, but that the Government of the United States be renewed with a vision and practice of integrity and professional skill. We do not oppose automation or efficiency or cost-reduction. But we do oppose these things when they are, like these proposals, phony numbers and illusions, doctored to justify the disintegration of the Federal Government.

Real and effective remedy is available. Many other agencies of government that are being disassembled and corrupted by their administration may all but perish. The Social Security Administration must not, cannot; it is too vital for too many. It can be protected, however, if it is made truly independent from such manipulation,

if it is established as an independent agency with clear authorities and compelling duty to keep the faith of the laws under its charge. There are many so-called independent agencies and some of them still face some of these same problems. To make this one substantially different we must separate the politics of the programs from the administration of the programs. The establishment of a bipartisan board to oversee policymaking is part of the solution; restoring professional integrity to the management by removing it from political appointments is part of it; granting to its management officials the normal authorities to manage, like those which management has in the private sector, and holding them accountable for their actions, that is part of it.

We therefore urge the Congress and this committee to take the following actions:

Take up the legislation now pending on the issue of the independent agency status of Social Security and amend to incorporate these principles;

Demand that Social Security complete a full study of the impact of these office closings and these cuts in staffing before they undertake them; an addition to this effect in the technical amendments you are now considering would seem the most easy method to accomplish this;

Provide through appropriations measures that the Social Security Administration recommit any real workyear savings to improve the quality of its public service and to specifically resolve such administrative problems as those to which we have testified here today.

Mr. DONNELLY. Thank you.

Mr. Coyne.

Mr. COYNE. I have no questions, Mr. Chairman. I just want to point out that I am very thankful that you were able to make some recommendations, that you came here not only with testimony but definite recommendations for the subcommittee, and I appreciate that.

Mr. DONNELLY. Ken, we appreciate your statement very much. We know you have a busy schedule. There is a panel to follow of your membership, direct line employees, and we will be very much interested in hearing their testimony.

During the course of your statement, you did touch a respondent chord with me, and that was about OMB's involvement in major public policy decisions.

OMB has gone beyond its public function of collating fiscal policy and is now determining public policy, and I would feel a lot more comfortable with recommendations not only of the Social Security Administration but all Federal Government agencies if I knew that those public policy decisions were made by the professionals that we pay to make those decisions and not by numbers crunchers over at the OMB.

I think there is a frightening trend taking place in this whole management of what public policy ought to be, and I suspect, during the last 5 years, there has been probably only one Cabinet Secretary that has not fallen prey to OMB, and that, obviously, would be Cap Weinberger, and even he is having problems with them now.

But I appreciate your touching on that, because I think that is a critical issue. It is the Congress and the President who are supposed to determine public policy. Sad to say, we are losing that ability and abdicating our responsibility if we allow those people at OMB to determine broad public policy. That is not why they were created; it is certainly not their function; and it is certainly something that I hope the House, anyhow, will not stand for.

Mr. BLAYLOCK. Mr. Chairman, I am glad you picked up on that point because I know the last 10 years or so that I have worked

here with the Congress in this town, it has become obvious that the people who were confirmed by the Senate and, as I said in the testimony, of which the Congress holds oversight, in many cases are not responsible. They are under orders.

I think one of the biggest mistakes we made in government was when we allowed that office to be established, because you know the old saying, if you control the money, you control, and that is really what is happening today.

It has come out in testimony that I have alluded to here. You know, of the testimony which was given by Social Security. They did not devise this plan of closing those offices. They did not devise this plan of cutting 20,000 workers. It came from OMB, plain and simple.

I think OMB ought to be brought over here and put on the carpet and made to justify what they are doing. So I am glad you picked up on that.

Mr. DONNELLY. The trend of centralizing power in one agency, of allowing an agency whose overall responsibility is fiscal policy to determine social policy, is something that the Congress ought to stand extremely strongly against. It is an issue that has not been discussed enough in my opinion, and, hopefully, in this session of Congress, we will, because if we do not, we are abdicating our responsibilities to the public.

Mr. BLAYLOCK. Right.

Mr. DONNELLY. I understand it is the public's impression that their elected officials determine public policy.

Mr. BLAYLOCK. Right. I think the two recommendations, if we can move to a bipartisan commission or committee or panel, however that is structured, and if we can finally move to structuring the Social Security Administration as an independent agency, then, long term, we should take the social security budget out of the integrated budget process again so it stands free and alone and can be administered in a professional way. I understand the politics of that.

In good times, the administration and others like to point to what a great job we are doing because you've got that money that is in the trust fund and it shows a surplus. In bad times, we have just come through to 3 or 4 years of using it to show how big the Federal deficit was, how big the Federal debt was, but right now it has no business in this deficit debate, because everybody likes to talk about how it is funded on through the 1990's, through 2020, and it is in great shape. Yet here we have it caught up in the deficit problem of 1985, and it is wrong.

Again, let me thank you, Mr. Congressman.

Mr. DONNELLY. Thank you very much.

Our final panel will consist of Mr. John Riordan, president of Local 3369; Gayla Reiter, president of local 3172; John Gage, president of local 1923; and Vickie Gregory, a member of local 3231.

Ladies and gentlemen, welcome.

Mr. GAGE. Thank you.

Mr. DONNELLY. We have your testimony, which will be included in the record, and if you would like to individually summarize, this chairman and the remaining member would appreciate it.

Mr. Gage, let's begin with you.

STATEMENT OF JOHN GAGE, PRESIDENT, LOCAL 1923, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Mr. GAGE. I would like to start with the point on the OMB involvement. We have had some involvement with that.

During the summer of 1984, Social Security commissioned one of its executives, Mr. Jack Buffington, to study and report on the impact of the system's modernization on employees.

In November 1984, I was among several union officials given an opportunity to review the final draft of the Buffington impact report. That report meticulously examined each component of social security and showed approximately 5,400 jobs nationwide being impacted by systems modernization through the whole course of systems modernization.

In December 1984, SSA was directed by OMB to cut 19,000 jobs by 1988. That figure was reduced to 17,000 by 1990 after discussions among HHS, OMB, and SSA. The final budget submission by SSA reflects the reduction figure of 17,000.

The testimony offered by SSA before you and the House and Senate appropriations subcommittees attributes the ability to effect these cuts to systems modernization. It is illustrative to note that before Christmas the systems modernization plan was struggling to deal with the immense problems that it faced and would ultimately impact on only 5,400 jobs, but that after Christmas and OMB involvement, the systems modernizations could now justify a 20 percent reduction in our work force.

The testimony offered by SSA has been characterized by a can do gloss-over of the severe impact of this reduction directive. While SSA executives say the reduction directive is their greatest challenge, it is more aptly a mission impossible that will change and diminish the program and services relied upon by the public.

We provided you a package that contains what we think is a better picture of the 17,000 reduction plan. The memo dated December 11 shows SSA's original response to the reductions and the resulting problems, a quite frank discussion of the resulting problems.

The January 28 memo contains the infamous office closing criteria. SSA's position before you is that no offices are scheduled to be closed. Yet the FTE reduction of 2,000 in the budget under the catchwords of streamlining service delivery and the clear instructions to regional commissioners in the January 28 memo better illustrates their intent.

The January 28 memo also demonstrates the predicament in which SSA has been placed. SSA has not had the opportunity to review the scheduled district office reductions for impact. The mandate to reduce staff and close offices before any assessment of impact can be made is a classic cart-before-the-horse approach.

SSA comes before you forced to say that impact will be assessed later because reductions are primary, and impact on service delivery is a secondary concern.

I think that SSA has also been forced to come before you and exaggerate the progress and impact of systems modernization. I don't wish to imply that we are against systems modernization. Our people have been working too long with outdated equipment.

However, to allude that modernization has reduced backlogs, improved services, and justifies a 20-percent staff reduction is, in our opinion, a pure exaggeration.

In the Office of Disability and the program service centers, backlogs have been reduced, but it has nothing to do with systems modernization. Hard work and 2 years of heavy overtime broke the backlogs. Other backlogs still persist and will undoubtedly grow, in the long term, due to demographics as well as, in the short term, due to the new disability legislation.

A close look at the system's modernization shows that many of the systems are still in a transitional stage, with contract specifications only now being completed for submission to vendors. Contrary to the testimony of SSA, systems modernization has affected little of the day-to-day operations of the agency or the work of those technicians adjudicating and developing cases.

Aside from the office closings issue in this budget, several other items will also impact on service delivery, timeliness, and accuracy. For instance, currently, 1,000 claims authorizers in the six program service centers work difficult claims.

The reason these cases have been worked in the program service centers is that the complexities involved to accurately adjudicate these cases would not be conducive to the district office setting. The district office claims reps, who must be able to handle volume business on a wide range of cases, do not really have the time or expertise to dig into these complex cases.

This budget, however, does away with the 1,000 claims authorizers and shifts the workload onto the already strapped claims reps in the district offices. While SSA maintains that this work will be better performed in the district offices, the reality is that the claims reps will experience great difficulties in becoming proficient in these difficult cases, and accuracy will certainly suffer.

Twelve hundred staff positions are also being put to the chopping block. Without these staff employees, the ability of SSA to react to planned or unplanned congressional action will be severely curtailed. Again, this initiative is not based on program improvement but on OPM's mandate to agencies to reduce the amount of employees in grades 11 to 14.

Contracting out data entry and the day-to-day computer operations was a feature of the original submission of SSA. The December 11 memo shows Social Security's intentions in this area. Giving up control of the records of 172 million participants in the program and 33 million beneficiary records to private industry not only has privacy implications but dubious money-saving features.

While, on the one hand, SSA maintains it has withdrawn its contracting-out intentions, an A–76 review has begun for the day-to-day operations of the new computer center as well as the data operations centers in Wilkes-Barre, Albuquerque, and Salinas.

We feel that in the out years of this budget, this intention in this A–76 review will undoubtedly resurface. SSA has already anticipated in staff papers that they need relief from the inherently governmental rule to accomplish this contracting out.

One of the most undocumented, and therefore most disturbing, of the cuts is the 3,000 FTE's scheduled to go due to ongoing systems enhancements and procedural changes. Privately, SSA refers to

this item as the mush factor in their budget. In other words, no real justification exists for this item except the directive to reach the reduction figure of 17,000.

Our investigation, Social Security testimony, and the documents submitted point to several conclusions: One, that no planning or assessment of impact to service delivery associated with the reduction plan has been undertaken; two, that the reduction plan is not a result of a planned management action but rather the directive of OMB acting on recommendations of the Grace Commission; and, three, that the cuts will be effected without concern to the coming increase of claims due to demographics or to the realities of what the systems modernization will actually be able to handle.

It is our contention that the breadth of the reduction plan, the impact of the cuts on the program, and the demoralizing effect of the reductions on the work force point to a dismantlement, not improvement, of Social Security. Cutting Social Security from the inside is really no different, and has the same effect, as cutting benefits.

The program has run effectively and will continue to do so if spared these arbitrary cuts. Administration expenses are in line, and efficiency will continue to improve. The agency is not broken, and we hope that there is no need or justification to fix it. Thank you.

[The prepared statement follows:]

STATEMENT OF JOHN GAGE, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, LOCAL 1923

During the summer of 1984, the SSA commissioned Mr. Jack Buffington to study and report on the impact of SM on employes. In November 1984, I was among several union officials given an opportunity to review the final draft of the Buffington impact report. That report meticulously examined each component of SSA and showed approximately 5400 jobs nationwide being impacted by SM.

In December 1984 SSA was directed by OMB to cut 19,000 jobs by 1988. That figure was reduced to 17,000 by 1990 after discussions among HHS, OMB and SSA. The final budget submission by SSA reflects the reduction figure of 17,000.

The testimony offered by SSA before you and the House and Senate appropriations subcommittees attributes the ability to effect these cuts to SM. It is illustrative to note that while before Christmas the SM was struggling to deal with the immense problems it faces and would ultimately impact on 5400 jobs, that after Christmas and OMB involvement the SM could now justify a 20% reduction in the workforce.

The testimony offered by SSA has been characterized by a "can do" gloss over of the severe impact of this reduction directive. While SSA Executives say the reduction directive is their greatest challenge it is more aptly a mission impossible that will change and diminish the program and services relied upon by the American public.

We have provided you a package that contains a better picture of the 17,000 reduction plan. The memo dated 12/11 shows SSA's original response the reductions and the resulting problems. The Jan. 28 memo contains the infamous office closing criteria. SSA's position before you is that no offices are scheduled to be closed. Yet the FTE reduction of 2,000 in the budget under the catch words of "streamlining service delivery" and the clear instructions to regional commissioners in the Jan. 28 memo better illustrates the intent. The Jan. 28 memo also demonstrates the predictment in which SSA has been placed. SSA has not had the opportunity to review the scheduled District office reductions for impact. The mandate to reduce staff and close offices before any assessment of impact can be made is a classic "cart before the horse" approach. SSA comes before you forced to say that impact will be assessed later because reductions are primary and impact on service delivery is a secondary concern.

SSA has also been forced to come before you and exagerate the progress and impact of SM. I don't wish to imply that we are against SM. Our people have been working too long with outdated equipment. However, to allude that modernization has reduced backlogs, improved service and justifies a 20% staff reduction is a pure exageration. In ODO and the PSC's backlogs have been reduced but this has nothing to do with SM. Hardwork and 2 years of heavy overtime broke the backlogs. Other backlogs still persist and will undoubtedly grow, in the long term, due to demographics, as well as, in the short term, due to the new disability legislation.

A close look at the SM shows that many of the systems are still in the transitional stage with contract specifications only now being completed for submission to vendors. Contrary to the testimony of SSA, SM has affected little of the day to day operations of the Agency or the work of those technicians adjudicting and developing cases.

Aside from the office closings issue in this budget, several other items will also impact on service delivery, timeliness and accuracy. For instance, currently 1000 CA's in the 6 PSC's work difficult claims. The reason these cases have been worked in the PSC's is that the complexities involved to accurately adjudicate these cases would not be conducive to the district office setting. The district office claims reps., who must be able to handle volume business on a wide range of cases, do not have the time or expertise to dig into these complex cases. This budget however, does away with 100 claims authorizers and shifts the workload on to the already strapped claims reps, in the DO's. While SSA maintains that this work will be better performed in the DO's, the reality is that the CR's will experience great difficulties in becoming proficient in these difficult cases and accuracy will certainly suffer.

1200 staff positions are also being put to the chopping block. Without these staff employees the ability of SSA to react to planned or unplanned Congressional action will be severely curtailed. Again, this initiative is not based on program improvement but on OPM's mandate to agencies to reduce the amount of employees in grades 11 to 14.

Contracting out data entry and the day to day computer operations is another feature of the budget. The December 11, memo shows SSA's intentions in this area. Giving up control of the records of 172 M participants in the program and 33M beneficiary records to private industry not only has privacy implications but dubious money saving features. While on one hand SSA maintains it has withdrawn its contracting out intentions the A-76 review has begun and in the out years this proposal will undoubtedly resurface. SSA has already anticipated in staff papers that relief from the "inherently governmental" rule must be obtained to accomplish the contracting out of systems.

One of the most undocumented and therefore most disturbing of the cuts is the 3279 FTE's scheduled to go due to ongoing systems enchancements and procedural changes. SSA refers to this item as the "mush factor." In other words no real justification exists for this item except the directive to reach the reduction figure of 17,000.

Our investigation, SSA testimony and the documents submitted point to several inescapable conclusions:

1) no planning or assessment of impact to service delivery associate with the reduction plan has been undertaken;

2) that the reduction plan is not a result of a planned management action but rather the directive of OMB acting on recommendations of the Grace Commission;

3) that the cuts will be effected without concern to the coming increase of claims due to demographics or to the realities of what the SM will actually be able to handle.

It is our contention that the breadth of the reduction plan, the impact of the cuts on the program and the demoralizing effect of the reductions on the workforce point to dismantlement not improvement of SSA. Cutting Social Security from the inside is really no different, and has the same effect as reducing benefits.

The program has run effectively and will continue to do if spared these arbitrary cuts. Administrative expenses are inline. Efficiency will continue to improve. The agency is not broken, and there is no need or justification to fix it. Cutting the bone from SSA in response to the deficit problem is really an attempt to shift the debt to the participants and beneficiaries of Social Security and a plan which will have immediate and long range repercussions.

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO,
Baltimore, MD, March 18, 1985.

JACK BRENNAN: Attached per your request are suggested questions for the upcoming McSteen testimony.

Sincerely,

JOHN GAGE, *President,*
AFGE Local 1923, AFL-CIO.

FIELD OFFICE CLOSINGS

1. Your memorandum of December 11, 1984 to the Assistant Secretary for Management and Budget/HHS calls for a reduction in staff of the Social Security Administration employees of 18,952 during the period of 1985–1990.

What studies have been conducted to determine the impact of office closings on the local and Washington DC Congressional offices?

2. In your January 28, 1985 memorandum to the Regional Commissioners you define on page 6, criteria for office closings (II-A-1).

a. How many offices would be closed nationwide using this criteria?

b. How many employees would be eliminated?

c. Where is this effort reflected in your RIF reduction statistics?

d. What would be the impact on service delivery?

e. How are you going to weigh dollar cost as opposed to "cost" in quality of services that result from office closings and staff reductions?

STAFF REDUCTIONS

1. Your agency document entitled Social Security—The Plan for Reduction in Employment (2/22/85) calls for a reduction of 17,006 employees during the 1985–1990 period.

Why is this number almost 3,000 less than the number cited in the December 11, 1984 memorandum?

2. The staffing cuts in roman numeral III (Explanation of the Chart and Implementation Plans) total 14,602—yet the memorandum on the first page uses the 18,952 number.

a. Why is there such a difference?

b. What studies have been conducted as to the specific impact of staff reduction on the employees of the Social Security Administration?

3. 1000 Full time equivalencies are projected to be abolished from the six Program Service Centers in the Claims Authorization position. These technicians handle the more complex and time consuming cases. These cases are projected to be worked by the Claims Representatives in the District Offices.

How will already overworked claims representatives be able to absorb this work load and there not be a decrease in service or an increase in error rates?

4. Part of the staffing cuts deal with the reduction of 1200 staff positions largely within Central Office.

How will these reductions affect Social Security's ability to react to planned or unplanned legislative changes?

5. Prior to December 1984, the systems modernization was forecasted to impact on 5400 jobs. Recently the figure has been escalated to over 17,000 jobs.

a. Is the increase due to a sudden change in the administration's plan or to the problem of the Federal deficit?

b. What is your estimate as to how much "attrition" will result from "forced reassignment"?

6. Under the FY 88-90 section of your memorandum you mention in one sentence that you will determine the "efficacy" of contracting out. In the next sentence you state that you will contract out.

What is the purpose of studying the "efficacy" if your de facto position is that you will contract out by fiscal year 88-90?

7. Systems modernization is being credited for reducing backlogs and justifying huge staff reductions, however, operating components such as the Office of Disability report that hard work and heavy applications of overtime are responsible for back log reductions.

Is the modernization being stretched or misrepresented to justify staff reductions.

8. You assume there will be no rif's except for contracted out functions.

Doesn't a forced move or forced reassignment constitute a de facto RIF?

9. Many of the staffing reductions are being attributed to Systems Modernization. However, much of the Systems Modernization is still being developed with many unresolved problems especially in the software department.

Are not the staffing reductions which are offered as already justified really based on the assumption that the systems modernization will work?

SERVICE DELIVERY

1. Your December 11, 1984 memorandum makes some highly questionable assumptions. That is, there will be no major legislative changes. The Senate Budget Committee has already recommended a freeze in the cost of living adjustment.

a. How can you possibly assume there will be no major legislation through 1990?

b. What studies have been conducted to determine the specific impact on the service delivery to current and future social security beneficiaries?

2. You have projected enormous and far reaching cuts—yet your assumptions provide only for "efforts" to streamline service delivery—aren't you putting the cart before the horse?

3. Shouldn't longitudinal studies by conducted first?

4. The Social Security budget submission calls for substantial staff reductions, yet the impact of these reductions on services are just now being studied.

a. How can assurances by made now that total service to the public won't be severely affected, when the studies are just now beginning?

b. Won't the closing of offices create special problems for the disabled and the poor?

c. Won't office closings result in a de facto denial of benefits in many cases? Isn't this particularly a problem with the disabled and the poor?

5. In section III--Impact of the Plan (2/11/84), with respect to Data Review Technicians, Development Clerks, Teletypists and the District Office Final Authorization function you repeatedly raise the issues of employee morale, forced reassignment, massive retraining, high cost, labor relations problems and productivity. In fact you say these factors will occur.

a. How can anything but disruption of services occur?

b. What is your position regarding the propriety and wisdom of contracting out such sensitive functions as the computor operations and the posting of wage information?

6. Your assumptions project the closing of up to 200 permanent faciiities—yet you will only "strive" to see that service to the public is not diminished—why can't you "assure" that there will be no reduction in the service to the public?

7. What are your assumptions about the elimination of contact stations and resident claims representatives? What would the impact on the public in those areas be?

8. Internal memoranda show that attrition will result in severe staffing imbalances especially in District and Branch offices and in Metropolitan areas. You are relying on attrition to absorb staffing cuts.

However, won't attrition result in losing people from jobs in which you may not need reductions and in places where you won't want to lose them, thus impeding the delivery of services?

9. Congress has asked Social Security for enhanced systems security, yet the A-76 procedure for contracting out the day-to-day systems operations has begun.

How will systems security be enhanced by contracting out?

10. Congress has mandated face-to-face redeterminations in several Social Security programs such as Supplemental Security Income and Disability. The staffing reductions are in part justified to a higher degree by reliance on telephone contacts.

Won't the increased telephone contacts contradict the congressional mandates as well as significantly affect error rates and service to beneficiaries who would most benefit by the face-to-face contact?

11. One item in the plan to reduce FTE's is entitled "streamlined delivery mechanisms" with a corresponding savings of 2000 FTE's.

a. Isn't this another name for office closings?

b. Have any studies been made of the impact on beneficiary services of forced reassignments, relocations of employees and staffing imbalances resulting from total attrition, while simultaneously implementing system modification?

12. The Possible Impediments section of your 12/11/84 memo all seem to be impediments that are likely to occur.

As any or all of these impediments occur could you explain how your already ambitious time schedule would be affected?

13. The Data Operations Centers are prehaps your most efficient operations.

a. Why would you want to contract them out?

b. How can you retain control of such essential and private information, as that handled by the data operations and the new computers centers day-to-day operations once they are contracted out?

c. If you contract out the data operations centers, what affect on service delivery would there be if the contractor's employees were to go out on strike or similar problems occur?

COSTS

1. What will be the impact on the social security claims error rate of such a severe staff reduction?

2. What is the relationship between a marginal increase in the error rate and the so-called "savings" realized from a 17,000 staff reduction?

3. Given the staff reductions what will be the cost of severance pay, moving employees, moving expenses, office closings and openings, early retirement, and other administrative costs?

4. What are the costs for the need section (1-7) of your 12/11/84 memo? It seems to me that they are significant.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, February 28, 1985.

Hon. CHARLES A. BOWSHER,
General Accounting Office, Washington, DC.

DEAR MR. BOWSHER: We are writing to request an analysis of the impact of the potential closing of hundreds of Social Security offices and of the proposed twenty-one percent reduction in Social Security Administration (SSA) staff by 1990.

According to the enclosed internal SSA memo, SSA's Regional Commissioners have been asked to comment on Criteria for determining which SSA field offices could be closed or downgraded. We have enclosed a state by state list of the hundreds of local offices which could be affected by the proposed criteria.

Since 1981, twenty Social Security offices have been closed and thirty-nine others have been downgraded. In addition, 605 predominantly rural communities no longer have regular visits by Social Security personnel. What has been the impact of these reductions in Social Security field services and can any extrapolation be made of the impact of reductions which would occur under the proposed criteria?

We are also concerned with SSA's ability to carry out its mission if there is a twenty-one percent reduction in SSA's staff as proposed in the President's FY 86 budget.

Please provide us with your analysis of the impact of the restructuring of Social Security offices as proposed by the enclosed memo and of the proposed twenty-one percent reduction in staff on SSA's ability to carry out its mission to serve the nation's 36 million Social Security beneficiaries and 115 million Social Security taxpayers.

Due to imminent legislative deadlines of the Appropriations and Budget Committees, we would appreciate an interim response by March 18. Thank you for your cooperation.

EDWARD R. ROYAL.
VIC FAZIO.
MATTHEW RINALDO.
TOM TAUKE.
JAMES R. JAMES.

MEMORANDUM

The following is a list of the 770 of the 1,340 local Social Security offices which could be closed or downgraded if SSA's "Draft Service Delivery Methodology," as proposed in a January 28, 1985 memo to SSA's Regional Commissioners, is implemented.

[The material is not repeated here. See table on page 7.]

THE PRESIDENT'S 1986 BUDGET

Target: Reduce SSA's Administrative Budget by $535 Million over 3 Years.

Chairman's position and comment: The Social Security Administration spends less than 1.5% of its outlays on administrative expenses. Therefore, the only motivation for these shortsighted administrative cuts is to cripple SSA's ability to do its job. It

would not surprise me to hear the Administration use the administrative problems these cuts create as an excuse to dismantle the program and turn it over to private enterprise who, they will claim, can run it more efficiently.

President's proposal: Cut staff by 17,006 full time equivalents over five years.

Impact analysis: A 21% staff cut could result in the closing of up to 281 field offices throughout the country. This will reduce the quality of public service and will adversely affect beneficiaries of Social Security and Supplemental Security Income. In addition, such a cut could end up costing several times more than the savings generated.

At the current staffing level, the overpayment error rate stands at less than one half of one percent. An enormous reduction in staff will certainly increase this overpayment error rate and every percentage point increase will cost taxpayers more than $1.8 billion. Therefore the Administration's entire three year administrative savings would be wiped out by a 0.2% increase in the overpayment rate.

Other costs will also increase due to reductions in staff. For instance, contracting out services to private companies will increase costs due to higher salaries in private industry.

SSA implies that the staff cut is justified by the computer modernization project. However, SSA's own numbers show that staff cuts due to computer modernization comprise less than one-third of their total reduction. In order to achieve a 21% reduction of staff by 1990, over 3600 employees will be cut in 1985 and 1986, and over 13,000 employees between 1987 and 1990. Reductions, such as these, when the number of beneficiaries will increase by 11% (from 36 million in 1985 to 40 million beneficiaries by 1990), are irrational and unjustified.

In addition, cuts in other administrative areas, such as publications, will result in less public service. Informing the public of their rights and obligations under Social Security is a prime task of the Social Security Administration.

Recent proposals and legislation: HHS apparently intends to carry out staff reductions administratively since almost 2000 positions are being cut in the current Fiscal Year.

REDUCTIONS IN SOCIAL SECURITY ADMINISTRATION STAFF

[Full time equivalents]

	Fiscal year—						Total
	1985	1986	1987	1988	1989	1990	
Net reductions	−1,913	−1,689	−2,495	−3,520	−4,795	−2,594	−17,006
Proposed levels	79,951	78,038	76,349	73,854	70,334	65,539	62,945
Percent of reduction		2.4	4.6	7.7	12.1	18.1	21.3

DECEMBER 11, 1984.

To: Assistant Secretary for Management and Budget.
From: Acting Commissioner of Social Security.
Subject: Condensed FTI Reduction Plan—Information.

In accordance with our conversation at the meeting yesterday—attached is a condensed version of the plan for FTE reduction at SSA during the Fiscal Year 1986-1990 time period.

[The material is not repeated here. See table on page 10.]

I am available to discuss this further if you desire.

MARTHA A. MCSTEEN.

Attachment.

JANUARY 28, 1985.

To: All Regional Commissioners, SSA.
From: Acting Deputy Commissioner for Management and Assessment.
Subject: Draft Service Delivery Methodology—ACTION.
Reply requested by: February 15, 1985.

Attached for your review and comment is a draft of a proposed service delivery review methodology. This package was developed by the Service Delivery Criteria Work group which met in central office January 22-25, 1985. A list of the work group's participants is also attached.

As a point of departure, the work group used earlier service delivery approaches prepared by OMBP staff and several regions. The attached methodology represents

a consensus of the group and consideration of input received from the various regions and the central office resource staff.

Because the work group produced the package within short timeframes, they did not have an opportunity to "proof" their product. In order to maintain the integrity of the work group's effort, my staff has made pen and ink changes to correct obvious errors only. In addition, the SDPCOST program referred to in the package is being revised. Details will be furnished later.

I appreciate the cooperation of the regions in support of this important endeavor. And I extend a sincere thanks to all members of the work group. They approached a difficult task with enthusiasm and dedication.

In closing, I want to emphasize to each of you the need to proceed quickly with the next phases of this project. Members of your staff may direct questions to Jack Buffington, FTS 934-2420. Negative replies are requested.

NELSON J. SABATINI.

Attachment.

The Service Delivery Work Group met in Baltimore January 22-25, 1985. The following is a list of regional participants and the regions they represented.

Participant/Regions represented

1. Ralph Dugger, Deputy Assistant Regional Commissioner for Field Operations, Dallas, FTS 729-4260, Dallas/Denver.
2. Sandy Dykins, Area Director, Flint, Michigan, FTS 378-5291, Chicago/Philadelphia.
3. Darrell McKinney, Assistant Regional Commissioner for Management and Budget, Atlanta, FTS 242-2540, Atlanta/Kansas City.
4. Bruno Reilich, Deputy Assistant Regional Commissioner for Management and Budget, New York, FTS 264-2507, New York/Boston.
5. Bill Yamamoto, Area Director, Los Angeles, West, FTS 796-3036, San Francisco/Seattle.

JANUARY 25, 1985.

To: Mr. Jack Buffington.
Subject: Service Delivery Methodology—Information.

The attached represents the workgroup's efforts in developing a Service Delivery Plan. As a point of departure we used the packages prepared earlier by OMBP and some of the regions. The attached draft package represents a consensus of the group and consideration of the input received from the various regions and the resource staff.

We appreciate the opportunity to work on this project and acknowledge the fine support provided by your staff.

Service Delivery Criteria Workgroup:

RALPH DUGGER.
SANDY DYKINS.
DARRELL MCKINNEY.
BRUNO REILICH.
BILL YAMAMOTO.

Attachment.

INTRODUCTION

The Social Security Administration's (SSA's) philosophy of service was first embodied in a Statement of Objectives, published in 1958. That statement explicitly recognized that effective administration of the program is dependent upon the goodwill and acceptance of the public. The objectives stated, in part, "Maintain an organization in which the public has a high degree of confidence and with which it is willing to cooperate . . . the effectiveness and economy of our administration depend upon an underlying willingness on the part of the public to cooperate. We could not force, without prohibitive expense, what is now done willingly. What people think of the effectiveness of the program derives in part from the type of personnel we select, how we train them, what our offices look like where our offices are located and the attitude of friendly and dependable service we adopt in all our public contacts." For these reasons, SSA has been especially conscious of its obligations to the public it serves.

These principles have remained essentially unchanged over the years, as demonstrated by the recent Commissioner's Bulletin on SSA values issued in April 1984.

Traditionally, SSA has shaped the service it provides the public by these principles which stress more personal and respectful treatment of the public rather than less personal, bureaucratic treatment.

The programs administered by SSA touch us all—either as a taxpayer or as a recipient of the benefits. Nearly every member of the public will have some contact—direct or indirect—with SSA during his/her lifetime. Thus, in one sense, the public includes all the nation's people. In another sense, the primary public which we must serve is the group eligible for benefits under the programs administered by SSA. This is a very special public with a special need for obtaining benefits, not only initially as claimants but on a more continuous basis as recipients of these benefits. All segments of society are represented in this public—children and the elderly, the affluent and the impoverished, the knowledgeable and the unlearned, the able and the disabled. While the public at large may need to contact SSA one time—to get their social security numbers—the public represented by beneficiaries may have other reasons to contact SSA many times during a lifetime.

There is also a segment of the public which we must contact regarding services rendered to others. This public is made up of individuals and groups of many kinds—banks, employers, other service organizations and institutions, informational media, representative payees. Finally, there is the taxpaying public to which we have a special obligation as a government agency for efficient and economical administration of the programs.

It is obvious that "service to the public" is a complex concept. There is only one public in the real sense but it takes several forms requiring varying services and obligations. The members of the public, as individuals, move from one public form to another over time or may take on several forms at one time. Providing quality service to the public means providing good service to all its forms.

SSA has always used certain criteria to determine how to deliver service. These criteria have included population numbers and population characteristics, numbers of Social Security beneficiaries and SSI recipients in an area, accessibility of facilities, etc. Between 1936 and 1960, offices were established based on population centers and expected workloads (particularly enumeration in the early days). There was a great expansion of field facilities in the 1960's and early 1970's to reach out to minority and socioeconomically deprived segments of our society. Recently, however, there have been questions raised as to whether our field facility configurations are meeting current service needs in the most cost-effective manner, and possible changes in the way we conduct Social Security business. Also, changes in the law, budget, and political climate require corresponding changes by SSA to maintain or improve service. Currently, in a time of limited organizational resources, service goals must be defined as precisely as possible and plans made to achieve these goals.

While this is the Agency's initial effort to develop a uniform SSA-wide service delivery plan, the review of facilities has been an ongoing effort and has resulted in the following changes since January 1981: (1) the closing of 1 district office; the closing of 17 branch offices and 2 resident stations; the conversion (downsizing) of 7 district offices to branch offices, 26 branch offices to resident stations, one branch office to a contact station and 5 resident stations to contacat stations; also (2) the upgrading of 4 contact stations to resident stations, and 3 resident stations to branch offices. During the period 9/82 to 12/84, 605 contact stations were closed and the frequency of visits reduced in many others. These activities have been achieved with no adverse impact on the levels of service offered to the public; in fact, these changes have enabled us to improve the efficiency of the services we provide.

It is essential that we look carefully at the nature of services provided by field offices, establish uniform national guidelines for directing necessary changes and, develop plans for future development. Obviously, no single concept of service will suffice for all times and all places, but implementation of an Agency-wide Service Delivery Plan will be a positive step in insuring that SSA provides cost-effective service while assuring acceptable access to these services.

I. Methodology

In developing a rational, systematic study methodology for a comprehensive review of how best to utilize field resources to serve the public, we must take into account service needs and the costs of providing these services using a variety of approaches. The methodology for these reviews is to have as an objective the applications of uniform procedures to look at service areas. It allows for regional and local differences and provides for flexibility in terms of organizations and management structure. In addition, it has as its philosophy that SSA will continue to pro-

vide service that is tailored to the needs of the public, including new and innovative approaches to service delivery.

The primary thrust of this methodology is not merely to reduce the number of facilities, nor simply to justify the status quo. This review process may result in the creation of new facilities (due to population shifts or rapid growth areas), closing of some current offices, consolidations of facilities, or in other approaches to service delivery. In developing new approaches which differ signficantly from the status quo, regions may wish to consider experimental rather than permanent facilities in some cases.

The "best" options or service delivery approaches will depend on local circumstances and will vary from place to place. However, these procedures will ensure that the same important factors are considered in evaluating different approaches in all reviews. The review is cyclical in nature and has recurring timeframes. After the first cycle of reviews, all service areas will be reviewed on a cyclical basis—each cycle should not exceed 5 years. It will consider management vacancies (both employee and management initiated) and lease expirations or opportunities to terminate at no cost to the government.

The service delivery project (SDP) methodology comprises several procedures and steps designed to be accomplished by the regions:

Identify the service areas to be reviewed.

Identify service needs, current and projected, for the area of review. These service needs will be used to project workloads and staffing needs.

Develop possible options for service delivery. These approaches to placement, size and function of facilities should be done initially without regard to existing facilities and personnel. The status quo is always an option which will be considered.

Apply a uniform cost/benefit analysis and decision support procedure to each option under consideration. Select the best options for the area of review and integrate the "best" options into a consistent service delivery plan for the entire review site.

Submit a final comprehensive regional plan on service delivery to central office including an action plan and timetables for implementation.

A. IDENTIFICATION OF FIRST SERVICE AREAS TO BE REVIEWED

In assessing the current methods of service delivery in the region, a method for determining which facilities should be reviewed first has been developed. The following screening criteria should be applied to facilities on a regionwide basis to identify offices to be reviewed on a priority basis:

1. Office size

DO/BO's with a staff of 10 or less should be consolidated, closed or converted (e.g., to RS status), unless other considerations are overriding.

DO/BO's with a size staff of 11-16 should be reviewed for conversion, consolidation or closing.

DO/BO's with a staff size of 16-25 that are located within 25 miles from another full-service facility, should be reviewed for possible consolidation, conversion, etc.

2. Accessibility

Metropolitan area (urban/suburban)—generaily, claimant travel time to the nearest facility should not exceed ½ to 1 hour.

Nonmetropolitan area (rural)—mileage and time involved in reaching a full-service facility varies from one geograpic area to another. In general, facilities should be located in major trade centers in the demographic centers of their service areas.

Regional Commissioners may wish to consider the following additional factors with regard to accessibility criteria:

Availability of TSC and/or toll-free service

Location(s) of other full-service facilities

Travel patterns, availability of public transportation, access routes, etc.

3. Other Considerations

Management vacancies—both employee and management initiated.

Lease expirations or opportunities to terminate at no cost to government.

Space modifications due to FOSE or other major changes in facilities.

Application of these screening criteria is optional and will provide a "first cut" identification of facilities requiring additional review and analysis. It is recognized that additional, regionally developed criteria may be appropriate in identifying facilities to be included in this priority review. Other offices which may be impacted by reviews of these facilities should be included in the review. After selection of the

offices, the review methodology described in sections III–VI and the discussion of geographic factors discussed in II.B. (below) will be applied. These first reviews should be completed by December 31, 1985, wherever possible.

B. IDENTIFYING REMAINING SERVICE AREAS FOR THE ONGOING REVIEWS

The basic area of review can be the entire region, an SSA Area Director's Area (i.e., Network), a State, city, county, etc. Significant geographical and demographic factors should be considered in the designation of boundaries of the review area. Once the review is underway, it may be necessary to change the boundaries. Such a change may require additional data gathering or research.

There are certain geographical situations which might dictate the area of review in a particular region. The following are examples of geographical situations that should be considered in determining the area of review:

1. Two large metropolitan centers relatively close together connected by an identifiable suburban corridor—If two such cities lie in different Networks, consider extending the area of review to include the two cities and the suburban area between them.
2. Peninsulas or other geographical features which impose natural boundaries—in some cases large peninsulas may include more than one Network or more than one State. Consider combining the entire geographical area for the review.
3. Conjunction of State boundaries—Where State boundaries conjoin, consider expanding the area of review beyond State boundaries if appropriate.
4. Multiple Networks in large metropolitan areas—Consider using the entire metropolitan area as the area of review.
5. State and County boundaries—There are instances in which SSA Networks coincide with States or counties resulting in long narrow service areas. It may be more cost-effective or efficient to consider service areas which are more square or round in shape so that all areas served are more equally distant from a central facility. Consider modifying the area of review to avoid long and narrow service areas.

Regional Commissioners may wish to develop additional screening criteria to assist in the identification of the area of review in this ongoing process. In any case, it is expected that all facilities (DO's/BO's/RS's/CS's/TSC's) in the region will be initially reviewed no later than December 31, 1987 (the end of the first cycle). Subsequent cycles will be 5 years long.

III. Identify Current and Projected Service Needs

The procedures used in determining service needs are based on the assumption that population numbers and population characteristics, including BIFs and RIFs, determine general volumes and types of workloads which, in turn determine the basic staffing needs of any field facility. (This assumption will have to be modified in certain cases, e.g., offices with significant workloads stemming from nonresident clients, offices with unusually high interviewing loads, etc.).

As described below, demographic data for urban ZIP codes and for rural counties should be obtained. Regions should also acquire maps of the area of review. Such maps are generally available through a variety of State and local agencies (e.g., State highway commission, State planning commissions, etc.). ZIP code maps of metropolitan areas are often available at no cost. These can be found in telephone directories, and are available in local United States Postal Service city ZIP code directories. ZIP codes maps of other areas may be available from local regional planning councils or may be purchased at retail map outlets.

A. DATA TO BE CONSIDERED

The following section describes the specific data that could be obtained and possible sources for obtaining this data.

1. ZIP code or county population data. Source: Current census data from Central Office SDP coordinator.
2. Projections of population changes to 1990. Sources: State and local, such as regional planning councils, State planning commissions, historical census data, etc.
3. BIF's and RIF's by ZIP code or service area. Sources: Office of Research and Statistics (SSA) publication No. 13–11943, Social Security Beneficiaries by ZIP code Area for BIF's. Central Office SDP coordinator for RIF's. This data may be available through regional Management Information Section.
4. Claims Activity/PE Activity. Source: DOWR
5. Staffing figures. Sources: local offices, or fiscal year DOWR summary.
6. Work units. Source: regional MI sections.

7. Questionnaires or surveys—A questionnaire or survey can be completed by the managers or staff in the area of review. This questionnaire can assist in gathering information needed in determining the service needs in a specific location. Such a questionnaire can be developed regionally and can ask for information concerning:

a. Workload distribution in specific ZIP codes or counties;

b. workload volumes coming from large institutions, schools (Parallel activities);

c. workloads from clients not residing in the service area;

d. contact stations, their location, frequency of visits, workload volumes, staffing needs, etc.;

e. use of the telephone for conducting Social Security business; and,

f. other issues relating to specific service area characteristics (e.g., foreign language issues, educational level, socio-economic factors, etc.).

B. ARRAYING DATA

1. After the data is obtained, it may be arrayed in such a way as to facilitate the review and analysis by the regional official responsible for implementing service delivery changes.

2. A statistical procedure that may be used to produce forecasting models for workloads and staff in connection with long-range planning can be found in Appendix A.

IV. Identifying Approaches for Service Delivery

Because the service delivery reviews represent a comprehensive look at the way SSA does business in the field, various types of service delivery will be examined to determine which is most desirable in terms of costs and noncost factors. For purposes of these reviews, regions are not limited to traditional approaches in terms of configurations (e.g., DO/BO/Resident Stations) or management (e.g., AD/DM/BM). The following procedures are designed to assist in identifying different approaches to delivery of service.

A. GENERAL APPROACHES

1. The geographical area under review may be divided into various categories (e.g., urban, suburban and rural).

2. General geographical boundaries should be established for these categories.

3. The next step in this phase is the completion of an outline (Exhibit 1) which gives the overall characteristics of an approach. This outline helps to distinguish one approach from another, and to highlight differences between new approaches and the current situation.

4. The status quo may be the best approach.

B. ALTERNATE SERVICE DELIVERY CONCEPTS

Various approaches can be considered as alternative ways to deliver service. However, public contact facilities should provide the full range of services, tailored to the needs of the service area. Some alternative approaches are discussed below.

1. Consolidation of small offices—In many locations (particularly in some urban areas), SSA opened large numbers of small offices. Consider consolidation of some of these smaller facilities.

2. Independent facilities—Consider establishing fully independent facilities in some locations rather than the current district/branch configurations. This approach may be particularly applicable in rural or small urban settings where service areas are spread out and there is little interrelationship between current districts and branches.

3. City Manager Concept—In some urban settings there is a need for day-to-day coordination and decisionmaking to ensure consistency in the way SSA provides service. A "City Manager" could function somewhat differently depending upon specific options. The following are some possible functions:

a) Supervises all the individual office managers and TSC manager (if applicable).

b) Reports to an area director, or could be independent of an area director and answer directly to the regional office.

c) Determines service policy issues for entire city, and is responsible for the performance of all city offices.

(d) Is involved in the operations of all the city offices.

(e) Is responsible for PI/PR policy and procedures for the entire city, and could have a staff for these functions.

(f) Is responsible for allocations of staff in city offices.

4. Management Positions Only as Needed—Assess the need for management and staff positions in offices, e.g., assistant managers only in very large offices, etc.

5. Full-service Teleservice Centers—Consider combining all SSA workloads which are appropriate for telephone interviews in one operation.

6. Returning teleservice to individual offices—Consider returning full teleservice functions to individual offices, particularly in nonurban settings.

7. Processing Offices—Consider processing offices and interviewing stations, particularly in dense urban settings.

Many technological innovations or creative public contact ideas may be integrated into approaches, or may form the basis for specific configurations. Technological innoviations might include "bank-teller" machines in shopping centers, recorded message machines in field facilities, etc. Creative public contact ideas might include "SSA-Mobiles" (motorized vans for public contact), case-worker concept (similar to state welfare, each CR has specific geographical area of responsibility for all SSA workloads), etc.

Field Office Systems Enhancement (FOSE)—Changes in operations due to the current FOSE effort should be integrated into options as appropriate or may form the basis for specific options.

Regions are not limited to these alternatives, and are not required to consider any or all of them. They are not offered as being "better" than the status quo. They do, however, represent some approaches that may have validity in certain settings. Regions may wish to experiment with one or more of these alternative approaches.

GENERAL CONFIGURATION OUTLINE FORMAT

I. Geographic Area Being Considered

A. General description of the approach and the service areas.

1. The facility (field office, teleservice center, experimental units, etc.).

a. Function: describe the specific workloads, PI/PR, management and other functions of the facility.

b. Staff: describe the general mix of staff and some details of their duties if it varies much from standard field office operations. Also give a general idea of the size of the staff. The detailed staffing mix and size will result from a later analysis of service needs.

Without specifying the grade of the manager or classification of the office, describe proposed duties of the manager if they vary from standard field office operations.

c. Equipment: describe to what extent the facility has SSADARS or sophisticated telephone equipment such as a call distributor. Do not mention desks, etc., unless there is a change from standard field office equipment.

d. Location: discuss the general location of office or facilities (e.g., what town, etc.), particularly if their location represents a change from standard field office settings, or if the location aspect is a major feature of the approach.

e. Other Issues: this section should describe any other issues which are important to the configuration being described. This could include workflow and coordination between facilities, workload issues, interviewing issues (face-to-face, telephone), management issues (who controls and manages PI/PR), consistency issues (how is service consistency maintained?), etc.

V. Cost/Benefit Analysis Procedures

A. BACKGROUND

As part of this study, a cost/benefit analysis of the various service delivery options must be conducted to determine the most desirable approach for servicing a geographic area. The procedures provide uniform factors that can be applied to proposed options as well as to the status quo. Additionally, it must be recognized that any decision concerning an option cannot be made solely on the basis of cost, but must also consider various noncost factors that impact on operations and service delivery. Thus, the procedures provide for not only the identification of costs, but the relevant noncost factors that must be considered in the decisionmaking process.

B. PROCESS

This section describes the factors, procedures and worksheets that are to be used in analyzing the various options identified during the study.

1. Factors

Groups of uniform factors will be used in analyzing the various facilities and options. These factors include ongoing costs and noncost factors. The cost factors are determined for each facility and summed to determine the cost of a specific option.

a. Ongoing costs: These factors will be used to determine the yearly operating costs for the facilities and options being analyzed.

(1) Personnel (See Worksheet 1, page ——)

This includes the salaries for all employees in a facility. The costs are categorized in two groupings: operations employees—all positions up to and including the first-line supervisor, and management positions as reported in Blocks BA and BD of the DOWR (e.g., Managers, Operations Officers, Operations Analysts, etc.) OS's are not included as management overhead because they are more involved with processing workloads than managing facilities.

(2) Space (See Worksheet 1, page ——)

This includes the costs of space rentals (to include SLUC).

(3) Telephone (See Worksheet 1, page ——)

This includes the cost of all telephone equipment (exclude currently owned equipment and service, telephone lines, long-distance/toll-free calls, maintenance contracts and other related costs. These costs are separated into equipment costs and line costs. If the option includes the purchase of extensive telephone equipment (e.g., opening a TSC), the narrative should include these costs.

b. Noncost Factors: These are factors which are not readily expressed in terms of costs, but are significant issues to be considered in evaluating each option. The noncost factors are evaluated for each option. These factors are:

(1) Public service, levels of service and important management issues.

(a) Prompt and accessible service—This assesses the effect of an option on waiting times, interview times, client travel time to facilities, accessibility of facilities, etc. It can be affected by the demographics of a service area, the primary mode of service delivery (e.g., face-to-face, telephone), etc.

(b) Timeliness of action—This measures the time from the initial contact with the visitor/caller to completion of action by the facility (or facilities). It is primarily a measure of processing time for various workloads and is service as measured primarily by internal Agency processes (SSACCS, tallies, etc.).

(c) Quality of action and service—This assesses the effect on the quality of the workloads processed as well as the quality of the service given (uniformity, courtesy, helpfulness, etc.)

(d) Productivity—This measures productivity as affected by an option. It is impacted by various demographic effects, the primary mode of service delivery (e.g., face-to-face, telephone), staff size, types of workload processed, workflows and equipment, etc.

(e) Operational concerns—This evaluates the potential impact on an office operations, including workflows, operating procedures, staff assignments/flexibility, technological innovations or any other concerns directly related to the operation (e.g., interstate service area requiring knowledge of varying State laws, programs, eligibility requirements, etc.).

(2) Reaction to potential change, demographic effects and management issues.

(a) Public/local/congressional reaction—This assesses the expected local and congressional reaction to a proposed option.

(b) Responsiveness to demographics—This deals with the responsiveness of an option to local problems, foreign language and/or minority needs, or other special considerations relating to the location or population of a service area.

(c) PI/PR, referral activities—This measures how an option affects the PI/PR and referral activities in a given geographic area.

(d) Union/employee reaction—This assesses the potential reaction of unions and employees to an option. This may include the noncost effect of possible employee relocation, redefinition of job responsibilities, position reclassification and other employee issues.

e) Equipment/space—This assesses the ability to procure equipment and/or space for an option, including constraints (e.g., GSA, budget allocations, lead times, etc.).

3) Other management issues.

a) Staff allocation—This assesses the impact of an option on field office staffing.

b) Lines of authority/span of control—These deal with the specific supervision of a facility and the span of control of specific managers/supervisors. The evaluation will measure how an option simplifies/complicates direct supervision of the facility or increases/decreases span of control.

c) Interoffice relationship/coordination—These measure the effect on workflow coordination and relationships between multiple facilities serving the same area.

d) Classification/organization—These involve potential changes in office and/or position classification.

2. Using worksheets

a. Cost Factors:

1) Costs will be developed for each facility and each option under consideration and for the status quo. Once the costs for a facility have been developed, transfer them to the Facility Cost Worksheet. If the SDPCOST computation program is used, some of these costs will be calculated automatically.

2) Costs for the various facilities in an option will be pulled from the Facility Cost Worksheets and transferred to the Option Cost Worksheet. If the SDPCOST Program used for all facilities in an option at the same time, this worksheet will be automatically completed by the program.

3) Cost data can be obtained from a variety of sources or regions can contact the central office SDP coordinator for assistance. Possible sources include regional data either in printed form or in the Management Information data base, local office records, regional General Services Administration (GSA) offices, local telephone companies, etc.

4) Certain assumptions of costs can be used (e.g., average positions/job salaries). If anything other than actual costs are used, please explain.

b. Noncost factors:

After the costs have been developed, the next step is to evaluate the effect of an option on the noncost factors. The noncost factors are designed to be evaluated by those persons having knowledge of the services area in question.

c. When all the costs and noncost factors for options in a geographic area have been developed, summarizes the data on the "Cost and Noncost Summary Sheet."

d. After all the options for each geographic area are analyzed using the procedures discussed in the above section, determine which option is "best" for each geographic area. The costs of options should be considered along with noncost factors in reaching this decision. If a more costly option is determined to be the "best" approach, rationale should be supplied to explain the way in which factors might offset the costs. The final decision/recommendation should be indicated on the "Cost and Noncost Summary Sheet."

Worksheet 1: STAFFING MIX/SALARY COSTS

FACILITY_____

	Number of Employees	Salary Costs	Total Costs
DM - Grade___			
ADM - Grade___			
CO/EA			
Other Adm. (specify)_____			
Other Adm. (specify)_____			
	Management Subtotal		
OS			
CR T2			
CR T16			
CR GEN			
FR			
SR			
TSR			
DRT			
DC			
Other (specify)_____			
Other (specify)_____			
Other (specify)_____			
Other (specify)_____			
	Operations Subtotal		
Total_____			

Note: Complete this worksheet for each facility.

Worksheet 2 24

Worksheet 2: FACILITY COSTS WORKSHEET

Facility _____

Ongoing Costs (Yearly)

A. Total Personnel Costs (Salaries) _____

B. Space Costs _____

C. Telephone Equipment _____

D. Telephone Lines _____

E. Other _____

Total _____

Note: Complete this worksheet for each facility.

Worksheet 3

Worksheet 3: OPTION COSTS WORKSHEET

Option _____ (or Status Quo)

Ongoing Costs (Yearly)

A. Total Personnel Costs (Salaries) _____

B. Space Costs _____

C. Telephone Equipment _____

D. Telephone Lines _____

E. Other _____

Total _____ (Enter on Worksheet 4)

Note: Summarize from Facility Costs Worksheet.

Worksheet 4: COST AND NONCOST SUMMARY SHEET

Geographic Area _____	Status Quo	Option 1	Option 2
1. Ongoing costs	_____	_____	_____

2. Narrative Evaluation of Noncost Factors
(Be specific in evaluation of key elements.
Attach additional sheets).

3. Decision/Recommendation

VI. Regional Plans on Service Delivery

A. PRIORITY REVIEWS

On or before December 31, 1985, Regional Commissioners (RC's) should submit their plans for the first group of facilities reviewed (refer to section II.A.), including:

1. Action plans for consolidating, converting, downgrading or closing facilities;
2. Necessary documentation to support recommendations for opening new or experimental facilities; and
3. Timetables for implementation.

Since the RC's have authority to close and downgrade facilities, the documentation needed for those types of actions should be minimal.

B. ONGOING REVIEWS

On or before December 31, 1987, comprehensive regional plans on service delivery should be submitted to Central Office. The plans should include:

1. Action plans for consolidating, converting, downgrading or closing facilities or for experimenting with other service delivery options;
2. Necessary documentation for recommendations to open new or experimental facilities; and,
3. Timetables for implementation.

Again, documentation needed for closing or downgrading facilities will be minimal.

Determining Staff and Workloads

I. Working With the Data

Population numbers, numbers of BIF's and RIF's, etc., can be used to assist in estimating staffing needs or expected workloads for facilities. The following discusses ways to group and use data to assist in assessing service area needs.

A. Grouping the data—the data can be arrayed for:

1. Each metropolitan area;
2. Rural counties (may include suburban counties); and,
3. Current office service areas.

B. The following is a suggested format for the data variables.

Population and/or BIF's and RIF's/Work Units/Processing Staff: It includes the minimum of necessary variables. Regions may include more variables in their statistical calculations, depending on availability of data (e.g., population or age breakouts, poverty levels, retirement versus disability beneficiaries, etc.).

C. Data for Specific Groupings:

1. DO/BO Grouping—This data can be arrayed on a data entry sheet or other medium with little or no changing of the raw data. If there is a teleservice center (TSC) in the area of review, it may be necessary to prorate the TSC work units and staff into the data for individual offices to show that the TSC workloads and resulting staffing needs and those of the offices stem from the same population. Grouping data by DO/BO may be sufficient for purposes of the service area reviews. However, if data is grouped only by DO/BO, it may be necessary to deal with the rural data separately from the urban data because of the differences in service area characteristics.

An optional approach would be to group data by ZIP code for cities and by county for rural or suburban areas. This means of displaying data would give a detailed view of the characteristics of each ZIP/county in the area of a review and it is discussed below.

2. Rural/Suburban County Grouping:

a) A decision must be made as to which counties to include in this grouping. Certain suburban counties may need to be excluded if it is felt they are more closely related to urban populations. Regions may wish to array more than one group of counties for workload and staff forecasting for the area of review.

b) General population, and BIF plus RIF data, can be arrayed without modification.

c) For workload and processing staff, special procedures will have to be applied to the DO/BO data to derive county data. This is discussed below.

1) Derived work units—work unit figures are by office. To determine work units by county, overall work unit figures for an office can be prorated to each county by the percent of that county population to the overall population in an office's service area. The following example illustrates this procedure.

Example: County A, B and C are in one DO's service area. The general population and BIF/RIF population of these three counties are shown below.

	General population	BIF's plus RIF's
County A	60,430	8,170
county B	16,695	4,105
County C	25,508	3,783
Total	102,633	16,058

	Percent population	Percent BIF's and RIF's	Mean percent
County A	58.9	50.8	54.8
County B	16.3	25.6	21.0
County C	24.8	23.6	24.2
Total	100.0	100.0	100.0

The total work units for the office were 19,110. They can be allocated as follows.
County A—54.8% of 19,110=10,472 (derived work units)
County B—21.0% of 19,110=4,013 (derived work units)
County C—24.2% of 19,110=4,625 (derived work units)

If local knowledge from questionnaires, surveys or other information can estimate more accurately the distribution of workloads among ZIP codes or counties, these should be used to either modify the prorations or to substitute for them. This modification will be necessary to account for certain situations (e.g., workloads from persons not living in the service area, etc.). In certain places, BIF's and RIF's are a much better predictor of expected workloads than population numbers. This is particularly ture in new, fast growing metropolitan areas where large population numbers might not include poor, disabled or older populations. In these cases regions may wish to exclude general popualtion from the procedures in (a) above.

2) Derived Staff—the same proportions used to distribute work units should be applied to the processing staff numbers for an office to derive staff for each suburban or rural county.

3) If regions have access to more sophisticated data or regional MI statistical packages, other approaches may be used to determine service needs by counties.

4) After arraying data by counties, and deriving a work unit and staff figure for each county, the data can be grouped directly from the data sheet to arrive at general work unit and staff numbers for combinations of counties in facilities' services areas.

3. City ZIP Code Groupings—The services areas of urban and some suburban offices are generally defined in terms of ZIP codes as opposed to counties. A useful grouping for such offices is in terms of ZIP codes.

a) General polulation and BIF/RIF data can be arrayed without modification.

b) For workload and processing staff, use the same procedure outlined above for counties, substituting ZIP code figures for county figures.

c) If regions have access to more sophisticated data or regional MI statistical packages, other approaches may be used to determine service needs by ZIP codes.

d) After arraying data by ZIP codes, and deriving a work unit and staff figure by ZIP code, the data can be grouped to arrive at general work unit and staff numbers for combinations of ZIP codes in facilities' service areas.

II. Statistical Correlation/Regression Analyses Using Arrayed Data

A correlation/regression analysis indicates how series of numbers interrelate and to what extent they may be interdependent. For example, it is assumed that population generates workloads. A correlation/regression analysis can disclose what volumes of workloads can be expected from a certain population, and how well the numerical relationship can be counted on as an accurate forecast.

This statistical procedure will permit determinations of population, workload volumes and staffing needs for various proposed service areas which result from considering different approaches to service delivery.

For example, assume that Office A serves six city ZIP codes and Office B serves seven city ZIP codes. If by an alternative service option the 13 ZIP codes were distributed among 4 offices (rather than the current 2), what would be the workload volumes and required staff for each of the 4 offices? The results of the correlation/regression analysis will assist in answering this question. Once the numerical relationships are established, the total population and/or BIF's + RIF's for each grouping of ZIP codes can be introduced into a formula and the expected general workload and general staff will result.

The following are procedures for establishing the data base and performing the correlation/regression analyses.

A. Regions can set up the required data in their MI sections.

B. After the data base has been established, correlation/regression analyses can be run either in the regional MI section or in central office. If the statistical procedures are run centrally, the printouts will be sent to the regional office for further analysis.

C. The correlation/regression analyses will produce a variety of statistical data, among which are the coefficient or correlation, the slope and the y-intercept.

1. The Coefficient of Correlation—This number is an indicator of to what extent sets of numbers are interdependent, that is, how increases (or decreases) in one set of numbers are related to increases (or decreases) in another set of numbers. The sets of numbers in this case are the variables which are introduced into the correlation/regression analyses, and are basically population, BIF's and RIF's work units and required processing staff. For example, the coefficient of correlation will tell us how increases in population (or subsets of population such as BIF's and RIF's) result in related increases in work units for the particular grouping for which data is input.

The coefficient of correlation is expressed in decimals approaching one (e.g., +.97, +.65, etc) or moving away from one (e.g., −.97, −.77, etc.). The stronger the correlation between sets of numbers, the closer the decimal will approach one (a 1.00 represents a perfect correlation). A negative number indicates that one set of numbers increases as the other decreases. A positive number indicates that the numbers move in the same direction.

The coefficient or correlation from each grouping of variables will be used to determine which groupings produce the strongest correlations, and which groupings should be used to assist in forecasting workloads and staff requirements.

Example: Assume that all the ZIP codes for every city represents one grouping of variables. Correlation/regression analyses produced the following coefficients or correlation.

Variables used in the correlation/regression analyses:	*Coefficient of Correlation*
Population to work units	.81
Population + BIF's + RIF's to work units	.84
BIF's + RIF's to work units	.90

The grouping of selected variables which yields the best correlation in this example is "BIFs RIFs to Work Units."

2. The Slope and the Y-Intercept-These numbers will be produced by the output from each correlation/regression analysis. They will be used as discussed below.

D. Forecasting Using the Slope and Y-Intercept Numbers—In the above example, the specific combination of variables, "BIF's + RIF's to Work Units," produced the best "model." That is, to forecast work units for this grouping, (all ZIP codes for a city), the best forecaster of the three is "BIF's + RIF's."

The slope and y-intercept, along with the independent variable (which in our example case is the number of BIF's + RIF's) are used in the following standard formula, $y = mx + b$, where m is the slope number, b is the y-intercept number and x is the sum of BIF's + RIF's.

Example: For the variable combination "BIF's + RIF's to Work Units," assume that the slope is 1406.71334, and the y-intercept is −156.76213. To compute work units for any combination of ZIP codes from the group, the BIF's + RIF's for those ZIP's would be introduced into the formula to forecast expected work units: work units = 1406.71334 × (BIF's + RIF's) + (−156.76213)

Note that the slope and y-intercept numbers will vary with each specific correlation/regression analysis. The above numbers are used as an example only.

E. The results of these procedures will give very general ideas of expected workloads and required processing staff. Local information and knowledge (from sources such as the managers questionnaire) should be used to refine the results of the

above procedures. Such modification is essential to account for such factors as non-resident workloads, high interviewing levels, etc.

SOCIAL SECURITY ADMINISTRATION—THE PLAN FOR REDUCTION IN EMPLOYMENT

In February 1982, the Administration announced a multi-year systems modernization plan to move the Social Security Administration's antiquated computer systems into a modern, efficient, state-of-the-art mode. This transition will result in the conversion to automated processes of large volumes of work now done manually. It will reduce employment requirements without deterioration of service to the public. The Administration has made and honored its commitment for a massive infusion of funds for new computer hardware and software.

Although during the past 2 years, largely as a result of systems and procedural improvements, employment in the Social Security Administration has declined by the full-time equivalent of about 2,500 employees, service to the public has significantly improved. Large backlogs of work have been reduced, and the public is getting a faster response to its requests for service. These employment reductions have been accomplished without reductions-in-force.

More significant data processing enhancements as a result of Systems Modernization Plan projects will occur in the next 6-year period, fiscal year 1985 through fiscal year 1990. A further, gradual reduction of 17,000 full-time equivalents is planned for this period, without reductions-in-force. This reduction is commensurate with the amount of work agency employees will have to perform under the modernized systems now being developed. The Administration is also supporting funding to retrain Social Security Administration employees to perform new tasks in the modernized environment. In summary, the Administration has been implementing its 1982 plan, approved by the Congress, to improve service to the public by moving the Social Security Administration into a modern data processing environment.

Data Processing Resources: The following is the Administration's record on financial support for data processing and telecommunications modernization for the Social Security Administration:

[In thousands of dollars]

Fiscal year:	*Obligations*
1982 actual	$112,575
1983 actual	121,403
1984 actual	126,138
1985 plan	264,865
1986 plan	264,865

Reductions in Initial Claims Backlogs:

In FY 1982, large backlogs existed in SSA's Program Service Centers and SSA's Office of Disability Operations. By the end of FY 1984:

Retirement and survivors insurance claims backlogs in the Program Service Centers had been reduced by 36 percent, from 144,000 in FY 1982 to 92,000 in FY 1984.

Disability insurance claims backlogs in the Office of Disability Operations were reduced by 23 percent, from 62,000 in FY 1982 to 48,000 in FY 1984.

GLOSSARY OF TERMS FOR ELEMENTS OF THE FTE REDUCTION PLAN

1985/86 budget

This element refers to reductions for FY 1985 and FY 1986 (from the FY 1984 actual level) that are built into the President's FY 1986 budget. The major reductions from FY 1984 to FY 1986 are due to:

automation improvements and procedural changes, such as:

implementation of an alternative method for profiling SSI redeterminations which should more accurately predict error cases and produce a more efficient selection process;

expansion of the claims automated processing system to include cases formerly excluded from automated processing;

elimination of unproductive reviews and exception conditions in the program service centers and field offices;

simplification of several development and documentation procedures in the RSI and SSI programs;

reduction in overpayment collection work by sending out requests for revised earnings estimates to a "high risk" group of beneficiaries who are working and may need to revise their estimates of earnings;

automation of the procedure used by field offices to furnish benefit payment information to State welfare agencies;

replacement of card readers with scanning devices for case control and folder location in the Office of Central Operations.

Consolidation and automation of billing, skiptracing, telephone follow-up and remittance operations in SSA's debt collection program.

reductions in staff/support resource levels.

workload decreases in certain areas such as lower SSI aged claims and lower school attendance workloads due to a reduction in the number of covered students resulting from the Omnibus Budget Reconciliation Act of 1981.

CMP/FOSE, title II

This element refers to the OASDI Claims Modernization Project/Field Office Systems Enhancement (FOSE). This is a project to redesign the claims processing software to provide SSA claims representatives direct access to computer records to process claims as they are taken in the field offices, to compute benefits, send an award notice, and trigger payments. This will eliminate redundant information on both paper applications and computer records and increase productivity by eliminating the data entry functions now performed by data entry technicians and by reducing processing of claims in the program service centers. SSA will pilot test this new claims process in two sites beginning in March 1985.

CMP/FOSE, title XVI

This element refers to reductions to be obtained from SSI claims modernization. This is the counterpart of the OASDI Claims Modernization Project and will be implemented after the OASDI project is in place.

Streamline service delivery

This element refers to implementation of a project to improve the efficiency and effectiveness of the SSA program delivery structure. This project will assess the field delivery structure using new technology and the most modern office practices available in order to continue to provide high quality service to the public in a more cost-effective manner.

SSA staff positions

This element refers to staff positions at headquarters, the regional offices and program service centers. Staff employees are those not directly engaged in servicing the public, or processing claims and postentitlement workloads. They perform administrative, policy formulation, public information and other similar tasks.

DOFA expansion

This element refers to expansion of district office final authorization to cases currently referred to the program service centers for final authorization and payment of initial claims. Productivity increases as these cases are processed completely in the district office.

Data entry and NCC efficiencies

This element refers to productivity improvements from OMB Circular A-76 management reviews of data entry, National Computer Center (NCC) operations, program service center computer rooms and administrative-management information functions. Under A-76 procedures, the Government competes with outside contractors to arrive at the most economical alternative for the accomplishment of certain tasks.

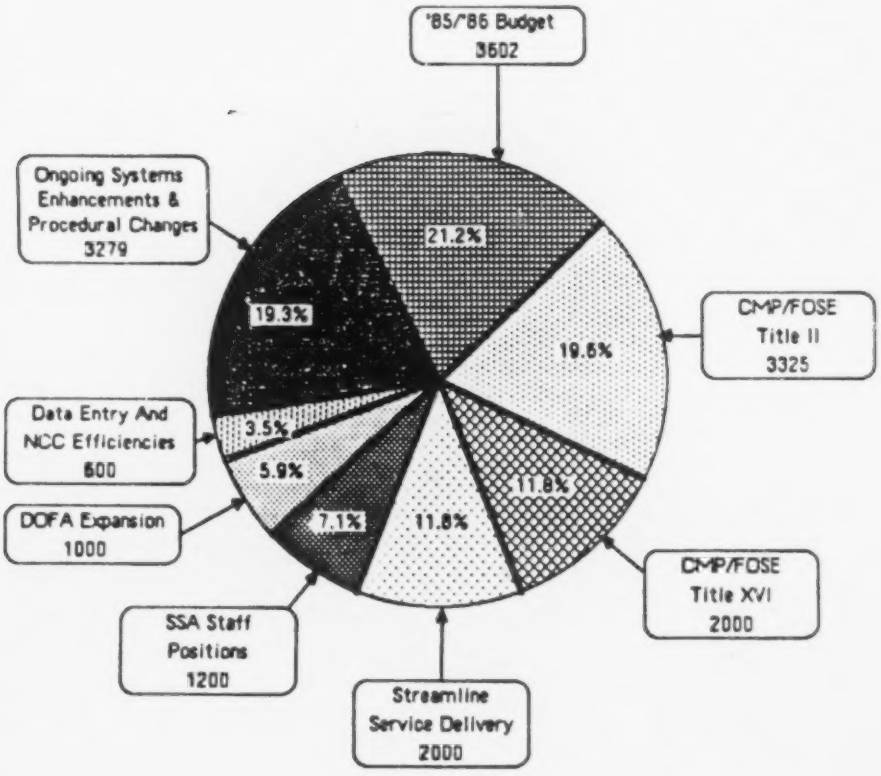
Ongoing systems enhancements and procedural changes

This element refers to productivity improvements to be obtained in the future, as in the past, from systems improvements, other than OASDI and SSI claims modernization, and from new procedural improvements. Examples of recent productivity improvements obtained from this source:

Systems: Automation rate in the annual earnings recomputation operation is now over 70 percent, as contrasted to about 60 percent in mid-1983.

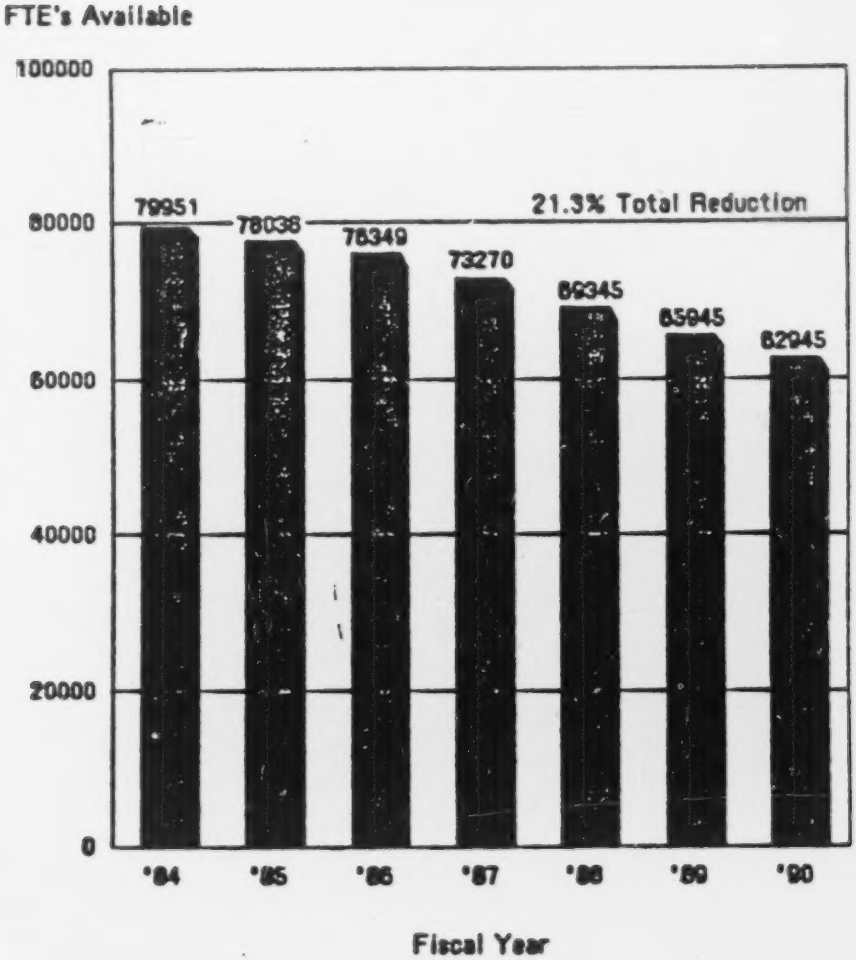
Procedural: SSA now employs a new technique for profiling SSI redetermination of eligibility and benefit amount. The change resulted in a 25-percent reduction in the high error redetermination workload of the district offices while still identifying the same amount of dollar error.

AREAS FOR REDUCTION



SCHEDULE FOR

FTE REDUCTION



Reductions						
Fiscal Year	'85	'86	'87	'88	'89	'90
Yearly	1913	1689	3079	3925	3400	3000
Cumulative	1913	3602	6681	10606	14006	17006

SSA LIMITATION ON ADMINISTRATIVE EXPENSES (LAE) FTE REDUCTION PLAN—DETAIL OF REDUCTIONS

	Fiscal year 1984	1985	1986	1987	1988	1989	1990	Cumulative 1985–90
Reductions for '85/'86 (form '84 actual level) built into 1986 President's budget		−1,913	−1,689					−3,602
Reduce staff functions by 15 percent (in addition to staff reductions already built into SSA's '85/'86 budget plan)				−300	−300	−300	−300	−1,200
Claims Modernization:								
Title II				−300	−2,525	−500		−3,325
Title XVI						−500	−1,500	−2,000
Streamline delivery mechanism				−1,000	−400	−400	−200	−2,000
Ongoing systems enhancements				−979	−200	−1,100	−1,000	−3,279
District Office Final Authorization (DOFA)				−500	−500			−1,000
A–76 reviews of data entry functions, NCC Operations, PC computer rooms and ADMIN–MI functions						−600		−600
Total annual reduction		−1,913	−1,689	−3,079	−3,925	−3,400	−3,000	
Cumulative reduction (from 1984 actual level)		−1,913	−3,602	−6,681	−10,606	−14,006	−17,006	−17,006
Total FTE's (LAE)	79,951	78,038	76,349	73,270	69,345	65,945	62,945	−17,006

MAJOR SMP ACCOMPLISHMENTS

SSN cards issued in 11 days vs 6 weeks
Cost of living allowance (COLA) operations processed in 2 days vs 2 weeks
80 million title II master beneficiary records on-line to district offices
370 million SSN records and 6 million title XVI records will be on-line by March 1985
On-line data available for all outstanding debts
Post-entitlement actions processed daily *vs* 2-3 times per week
Improved scanner and data entry operations in data operations centers
Improved case control operations in program service centers
Telecom network capacity increased; print backlogs eliminated
Implemented automated job scheduling in computer center
Replaced obsolete mainframes in computer center
Converted 800 billion bytes of date from tape to disk
Tape mounts reduced 20 percent
Improved test and development capacity for programmers
Provided over 8,000 training experiences to improve staff effectiveness

MARCH 7, 1985

Subject: Service delivery assessment and office closings.
From Martha A. Mosteen Acting Commissioner of Social Security, Baltimore, MD.
To: All regional Commissioners.
To: All area directors.
To: DO-EO-ISC's.

Recent media accounts of plans to close a substantial number of field offices are incorrect. The following summarizes where SSA is today with regard to service delivery assessment:

SSA is updating its methodology for assessing service delivery needs nationwide. The plan is to use the methodology in a uniform way, region to region, over a several year period to determine if we have the right number of offices, of the right types, in the right places.

While some savings should result from these area reviews there is no preconceived number of offices to be opened, closed, reclassified, or moved.

The methodology will focus on both cost and noncost factors, demographics, workloads, geography, accessibility, working relationships with state and local institutions, and cost effectiveness indicators will be considered in analysis of service delivery alternatives.

The reviews are an update of procedures for area reviews that have been in place for many years. Because of changing climates, however—population shift is, new technology, workload stability, budget, and the like—we must make a systematic effort to assess the current situation and take whatever actions are appropriate as a result of that assessment.

Not affected by the new methodology are the authorities for making facility changes. RC's will continue to decide on office closings and downward conversions. New offices or conversions of BO's to DO's will continue to require headquarters approval.

The service delivery review methodology is still being prepared. A workshop with representation from the regions recently prepared a draft document which has now had regional office review and comment. Comments are currently being evaluated and the draft is undergoing revision based on regional reactions. When the methodology is completed and ready for use, we will share additional information.

Regions will continue to respond directly to inquiries from local Congressional offices. Press inquiries should be referred to the SSA Press Office (301) 594-2200.

TESTIMONY OF GAYLA REITER, PRESIDENT, C-147, EXECUTIVE VICE PRESIDENT, C-220, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

As a concerned federal employee with nearly 18 years of government service, I view President Reagan's 1985-86 budget proposals with alarm.

Though devastating slashes have been proposed for most social programs, the President calls for military spending to increase by a whopping $31.9 billion. It is clear that these budget proposals, far from being an earnest effort to balance the budget and eliminate the deficit, are actually a carefully drawn plan to redistribute spending from domestic to military programs. Despite an immediate proposed cut in staffing for service agencies totaling 35,000 employees, the Defense Department is budgeted to increase their civilian workforce by 19,000 employees. Though cloaked in the guise of reducing the deficit, in actual fact, the President's proposals would skyrocket our nation's deficit to record heights.

Historically, Civil Service in the U.S., has had the reputation of being one of the finest in the world. Individuals who've traveled or lived overseas are quick to appreciate the efficiency and courtesy of most federal employees, when compared to their counterparts in other countries. Upon close examination, President Reagan's budget is a rather obvious attempt to dismantle the Civil Service System. Those of us who survived his term of governor of California, well remember one of his simplistic themes (i.e., people in mental institutions were there because they were lazy and didn't want to work). His equally simplistic solution was to close many of the state mental hospitals—litrally dumping chronically ill patients on the streets; there was little or no planning, no follow through, and we witnessed the resultant, carnage; an increased incidence of violent crimes (people not able to cope when suddenly released to the outside world) suicides, murders, etc., like humpty dumpty, it was easy to dismantle the system, but very hard to put it back together again.

President Reagan's budget essentially consists of his implementation of the infamous Grace Commission's recommendations. This was confirmed in the 1985 budget summary given by the Department of HHS: "The Department has implemented, or

is in the process of implementing approximately 80% of the Grace Commission recommendations specifically related to HHS."

Let's look briefly at the results of some of the recommendations in the agency.

1. The Commissioner of Social Security has prepared an extensive plan designed to reduce staffing by 20,000 or more employees in the next 3-4 years. This represents a reduction of almost one-third of our workforce.

2. Closing hundreds of Social Security offices across the U.S. Instructions have already been sent out from Social Security headquarters outlining policy recommendations on closure of Social Security offices. Based on the recommendations, it appears that most offices under 15 employees would close and any metropolitan office with 25 employees or less that are within 25 miles of another Social Security Office, would close. Applying the criteria outlined in the instructions, would appear to result in closure of more than 50% of the S. S. offices nationwide (i.e., closure of an estimated 700 plus offices). For example, 35 of the 53 offices in the Seattle Region appear to meet the criteria for closure. 12 offices in the Bay area would be targeted for closure and over 70 throughout the State of California.

3. This same instruction suggested closure of the Teleservice centers as well. Hence not only would the elderly, disabled, and disadvantaged suffer the hardships of traveling long distances to get to Social Security offices, their ability to resolve problems by phone would also be taken away. Staffing cuts would mean greater backlogs of work and longer waiting times once you get to an office.

4. Closing the data operations centers and contracting out their work. For example, shutting down the data operations center in Salinas, which employs hundreds of lower graded employees, would certainly adversely impact on this already economically depressed area. Historically, studies have indicated contracting out is rarely cost effective.

5. Elimination of the Data Review Technician Position, elimination of most clerical staff, major changes in the function of payment centers resulting in forced reassignment of much of their personnel.

6. Major shifts of personnel are contemplated among the nearly 1400 different Social Security offices across the U.S. The plans entail moving large numbers of employees throughout the U.S. and to widely divergent positions resulting in huge relocation and retraining costs.

7. Contracting out major job functions such as Annual Wage Reporting duties, certain management information services, computer functions, etc. Some of these functions had been previously determined as "inherently a government function—thus necessitating legislative changes.

Social Security has always been a remarkably efficient agency—spending less than 2% of its total outlays on administrative costs while maintaining a payment accuracy rate of over 99.6%. Congressman Edward Roybal (D-Los Angeles) recently described the proposed staffing cuts: "If a 20% reduction in staff results in just a 2% increase in the overpayment rate, there would be a $3.75 billion increase in overpayments in 1986 alone." He added: "That's 150% of the total amount spent to administer all of the Social Security programs last year."

Where is the efficiency or economy in dismembering such an effective organization—one whose accuracy, courtesy and service to the public has been unblemished? On the other hand, look at the high potential costs of such a disruption. Even Commissioner McSteen's confidential memo to the Secretary of HHS acknowledged these, citing high relocation costs, adverse labor relations impact, low employee morale and productivity as well as "diminution in the ability to oversee, track and anticipate operational problems."

She predicted reduced service to the public would result.

That is a brief sample of specific Grace Commission recommendations that are already being implemented in my agency. However, they do not stop here, but rather entail extensive proposals which would seriously impact upon the pay, retirement and benefit system of federal employees. No employer can retain quality employees by continually denigrating them or subjecting them to arbitrary withdrawal of benefits long promised.

As I mentioned, I have worked at the Social Security Administration for nearly 18 years. I know the dedication empathy, conscientious hard work of its employees. I also have seen the distress, low morale, and actual defection of many of the most competent employees. They will no longer accept the long hours, lower pay than the private sector counterparts, poor benefit protections, and abuse to which they've been continuously subjected. Some examples of the planned cutbacks in federal employee programs are:

1. A proposed 5% pay cut. Existing law would require an 18.28% pay increase for federal employees to receive the pay protections our private sector counterparts

have enjoyed. The pay comparability act was a trade off for the fact that federal employees were not given full bargaining rights parallel to the private sector. Federal employees can not strike, nor can they even bargain over their pay and benefits. Yet the very law that was supposed to equalize this discrepancy, has been overridden year after year. Rather than increasing federal pay in accordance with the comparability law, Congress has capped their pay in each of the last 7 years. For example, in 1983 the President's pay panel advised that federal pay had fallen 18.4% behind private sector pay. Despite this and the law's required 18.4% pay increase, federal employees received a 4% pay increase. This meager token was totally obliterated by the fact that a 1.3% medicare payroll tax was levied that year against federal employees, as well as a 56% increase in health benefit premiums coupled by an OPM mandated reduction in health services covered.

Since 1977, for every $1.00 increase in federal employee pay, prices have increased by $1.67. Prices have risen 64.9%, while federal pay raises have only totaled 38.9%

Ironically, the military received a 4% pay increase in January 1985 and the President proposed they receive another 3% increase in July 1985, while adamantly insisting on a 5% *pay cut* for the already beleaguered civilian work-force. The average civilian employee would lose more than $100 a month if this proposal passes.

2. Civil Service Retirement Cuts—Increase the retirement age from 55 to 65.

Base retirement on the 5 high years of earnings rather than the current high 3 years.

Cap future cost of living increases for federal retirees.

Increase the rate of contribution to the retirement system.

Eliminate the January 1986 cost of living adjustment.

No single group of citizens has been asked to sacrifice more to balance the federal budget over the past four years than civil service retirees. Between February, 1981 and May, 1984, the average federal retiree lost $6,000 in total annuity payments, or over 10 percent of his or her retirement income. These losses resulted from four successive cuts in cost of living adjustments and constant tinkering with basic features of the retirement system.

Overall since 1976, savings of $5.3 billion have been made due to cuts in civil service retirement. Studies have shown that pay and benefits for the federal sector fall considerably below the majority of private sector companies. Those who decry a permissible age 55 federal retirement with 30 years service look the other way when the federal retiree statistics show that the average retirement age for federal employees is 61.1 years of age. This compares to an average retirement age of 61.8 years in the private sector. Despite the negligible difference in age of retirement, civil service annuitants receive a mere 56% (or 50% if they elect coverage for surviving spouse) salary replacement. Most private sector retirement plans offer a 70% or higher replacement rate plus full coverage for a surviving spouse.

3. Further cut backs of Employee Health Benefits Program—Under current law, the government contribution to health benefit premiums is set at 60% for the six plans with the largest enrollment, but no more than 75% of the premium for any one plan. While two-thirds of all private sector health coverage plans are fully paid for by the employer, federal employees pay an average 40% of their premium cost. During the past four years, these premiums have doubled. OPM's latest proposal would accelerate the erosion in employee health benefits by providing an insurance voucher with which each employee could buy his or her own coverage. The amount of the voucher would be indexed to follow the change in a government economic indicator which would not reflect real increases in health care costs. As a result, the value of the government's contribution would decline precipitously as health care costs continue to spiral upward.

Even if the voucher system concept failed, current health care coverage is grossly inadequate. The House Post Office and Civil Service Commission commissioned a study of the Federal Employee Health Benefit System by William Mercer Associates recently. Their report concluded that Federal health benefits were grossly inferior to the average private sector plan. Many private sector plans cover dental care; FEHB plans normally do not. As an example, my share of my health care premium is more than $200 a month and does not cover any dental care. In fact health coverage has taken a dramatic decline since 1981 when OPM mandated carriers reduce benefits by roughly 20%, while increasing premiums by over 30%. These mandated cuts were designed to lighten the financial load of the federal government for its employees.

4. Staffing Cuts—29,068 federal workers were affected by reduction-in-force during President Reagan's first term, despite the fact that Congressional studies have shown that federal layoffs disrupt the delivery of vital services and that savings due to RIF's are greatly exaggerated.

For example, staffing at the Department of Housing and Urban Development was cut by 25%. A report prepared by an independent firm concluded: "Reductions-in-force actions have created a serious imbalance in skills and poor utilization of skilled personnel. It is very difficult under current conditions to replace critical skills that HUD is losing to the private sector and through retirement."

Despite these clear warnings, the Grace Commission advocates countracting-out up to 800,000 federal jobs—more than 1 of every 3 federal jobs would be eliminated. President Reagan seems to be moving quickly to accomplish this goal.

What we see proposed in President Reagan's Budget strikes at the very life blood of federal employees and the various agencies at which they are employed. Conscientious employees are leaving their agencies with 15-25 years of service, no longer able to endure the unjust/unfair treatment. This experience and expertise are not readily replaced. Additionally, agencies decimated by harsh unthinking cuts are often left permanently crippled and ineffective. I am convinced that if the President's budget proposals are implemented it will mean the destruction of the Civil Service System.

Mr. DONNELLY. Thank you.

Ms. Reiter.

STATEMENT OF GAYLA REITER, PRESIDENT, LOCAL 3172, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Ms. REITER. My name is Gayla Reiter, and I am from the San Francisco region. I am going to try to honor your request to summarize my remarks. I hope that you will read the statement because it has in some detail some of the problems that we in the field face.

Our union represents approximately 70,000 employees in Social Security field offices, and I think it has already been made very clear for the record that the move to reduce our staff by even more than we have already been reduced is truly a political move. It is not based on what our staffing needs are; it is not based on our ability to serve the public if these cuts are made; it is strictly a political move to accomplish purported savings in Government outlays, however, administrative measures such as slashing staffing levels does not reduce the Federal deficit as Social Security is funded.

Now, we have already suffered cuts that, in my opinion, are untenable. We are finding it very difficult in many field offices to process our existent workloads.

I was hired as a claims representative right after I got out of college—and that was in 1967. I grew up with this agency, so to speak. Back then, we were trained to provide a certain level of service to our beneficiaries—we provided very good service.

As the years have gone by and there has been increasing political pressure to add more complex programs while also trying to streamline time spent with each claimant, we have increasingly cut service to the public. We are no longer giving adequate reporting explanations to beneficiaries when they come in to file. We are shortcutting our interviews. We are taking shortcuts in order to achieve statistical goals which are short-term measures. They give an impression that we are serving the public, but when you look at the actual facts, what is happening in the offices day in and day out, that is not the case.

For example, look at the recent disability legislation and President Reagan's directive to the Social Security Administration to increase the number of CDR's—continuing disability reviews—with a

focus or directive to get several people off the disability rolls. Look at what happened with that process. We followed his marching orders, 20/20 as well as various media have covered in detail what happened. Many people who had IQ's of 50 were cut off the disability rolls. Severely disabled individuals suddenly terminated from benefits and medical care committed suicide, started lengthy appeals processes and several class action suits were filed. There were at least 17 different class action suits challenging the new disability policies—which were politically motivated.

In each one of those class action suits, Margaret Heckler said, well, we will institute the demand to reinstate benefits for just that one beneficiary. We are not going to apply it to all other members of the class. It wasn't until Secretary Heckler was found in contempt of court that SSA finally dragged themselves into conformity with the law and said, OK, we'll apply this to similarly situated individuals.

So now 3 years after the court reversed our agency's ill-thought-out disability policy changes, we are having to redo hundreds of thousands of these cases. All of that for what? What have we accomplished in the long term? We have expended millions in processing the appeals, and many of these initial claims went all the way through the Appeals Council, only to have them remanded by the court. The courts have said: You pay these people back retroactively—and what has the cost savings been? Absolutely none. In fact, it has been a huge fiasco.

The amounts that we are spending on ill-conceived, short-term slashes in spending prove long-term disasters. It is no coincidence that the recommendations that the Grace Commission report made on field office closings, so closely parallel the recommendations that Social Security made to its regional offices in that January 28 memo. The number of offices left open under both Grace's report and McSteen's memo are remarkably similar.

Grace, in his recommendations, said: "Close all but 500 offices. Close all contact stations. Close all resident stations." And that is what SSA's January 28 memo recommends.

Now, Ms. McSteen said earlier today that this January 28 memo was not necessarily meant to be implemented. Well, I have talked to several people in the regional offices that got these memos, that responded to those memos, and those people have told me that they were given their marching orders. They compiled lists, and they got them back to central office, and central office is working on those lists right now—drawing up a list of planned closures for implementation once the "heat" died down.

Politically, it is a hot issue right now. Top agency officials have told each region to lay low for awhile—stating they want no adverse publicity now. However, once they move forward and offices are closed, it is extremely difficult and time consuming to get them reinstated.

This has come out in other hearings. SSA regional commissioners have the authority to close down offices, but they don't have the authority to reopen them once they're closed—only the Commissioner has that authority.

I was a branch manager in an office in San Francisco, and was involved in opening a new branch office. Let me tell you, it is a

very time-consuming process. It took over 5 years to open that office—in Daly City—and that is not unusual. It is a very time-consuming process.

We don't have direct authority over space acquisitions, that is handled through GSA. It is very difficult to find space that meets the specifications, and so forth. By the time SSA starts admitting that they are closing offices, it is going to be too late.

Just applying the criteria in McSteen's January 25 memo, 35 of the 53 offices in the Seattle region would close.

In my own State of California, I did an analysis of the offices that would close; 75 offices would close, and virtually all over the State.

One office would be left in the entire State of South Dakota. In many areas, people would be required to travel for 5 hours to get to an office.

I think that you realize what the effect of this will be—hundreds of individuals will start flooding into congressional offices when they can't get service in SSA field offices. You people are already flooded with complaints from beneficiaries, but "you haven't seen nothing yet," as the saying goes.

For example, I have enclosed some copies of some of the press releases that have been generated all over the United States, from Boston, San Francisco, New York, and so forth, concerning the closure issue. It is obviously a gut-level issue that people feel very strongly about.

Now, in my own area, they proposed closing a small contact station in Woodland, CA. That is in Representative Fazio's area. There was a big hue and cry because individuals were very concerned that this office was going to close. They got together, they had rallies and demonstrations, they had a petition that had over 7,500 names on it.

The local district manager, Pete D'Anna—who is a very fine manager—indicated: "We are just not in the business of providing one-on-one service any more. We cannot afford to do that." This is the current operating philosophy today—we are not providing personal service any more. Our agency feels that we cannot afford to do that.

The Woodland office was closed despite all the protests. The so-called solution was for the county to fund having an office there and to have volunteers available there to take claimants inquiries. And I ask you, what kind of service is that to the public?

These are not people that have been trained by Social Security, that are knowledgeable in the laws. These are people that are maintaining a contact station to be available for the public that are not SSA employees, where both space and phones are provided by the county.

As pointed out earlier, 605 contact stations have closed in the last couple of years. Those are just points of operation that we usually go to once or twice a month. That says nothing about full-service branch offices and district offices.

It is unfortunate but telling in the Woodland contact station incident that so many people were upset by, that the three full size offices closest to that contact station would close by the January 28

memo's criteria, there are local newspaper stories attached to my testimony concerning the Woodland closing.

So the press coverages which are in this packet talk about how concerned people were, because by closing that office, they were going to have to travel 100 miles to get to an office. What is going to happen when they have to travel 300 and 400 miles, and older and disabled people are going to have to stay overnight in order to be seen by a Social Security person?

Even more disastrous is the projected closure of all of the teleservice centers, which means that not only will claimants have difficulty getting to a local office; they won't even be able to take care of their business by phone.

We are increasingly using emergency techniques like group interviews for certain categories of claims—like redeterminations. Though our regulations require a one on one interview—we often do not have adequate staff to do so.

We have already endured too many staff cuts. We cannot handle the workload that we have now. An additional reduction of 17,000 employees would be devastating to our ability to handle our work.

Let me just highlight some of the problem areas that we are experiencing currently in the field offices because of the staffing cuts. We have huge mail backlogs. In some offices, there are boxes and whole filing cabinets full of unassociated mail. We have so much mail that if a person writes in and says, I'm changing my address, I'm going to be moving, I got married, I'm going back to work, we cannot get to those letters because we are so busy talking to the people who are coming in the door.

People sometimes have to wait for 2 and 3 hours to be seen because we don't have the staff to handle the walk-in interviews. It is unfortunate that what happens is that if we don't process these actions when people write in about them, they often are overpaid, and then, 3 or 4 years down the line, when we find out that they were overpaid, we are not waiving their overpayments.

Because of new overpayment guidelines, even if a claimant has come into the office or had written to us telling us about the event, we tell them, you should have known your check should have gone down. Because you didn't return your check, you have to repay it. These are the people that are least able to afford any reduction in their benefit. This despite their proper initial report to us and our own failure to adjust their check.

I would like to call your attention to a submission by the Legal Aid Society attached to my testimony. Because of confidentiality requirements, I felt that I could not supply many of the thousands of examples that we deal with every day, where SSA is not waiving overpayments. But these were submitted by the Legal Aid Society.

They talk about some of the same problems that I am talking about, where we cannot process the workload that we have now, where the staffing is so short that we cannot process mail.

In the Oakland office they have several filing cabinets full of unworked overpayments. Some of them are a year-and-a-half old. These are overpayments that are waiting to be worked. There are filing cabinets full of them.

They have had mass mandatory overtime in the office. They have detailed people into the office to try to take care of this work-

load, but the overpayment backlog is still a year-and-a-half in arrears.

It is interesting that even a 1 percentage increase in the overpayment rate would equal a $1 billion loss to the Administration through loss of funds. So I ask you, where is the efficiency or economy in cutting staff, given Social Security's prior record of remarkably accurate administration of payments?

Staffing shortages are forcing us to take shortcuts in our interviews. We are not giving reporting instructions. We have to get people in and out very quickly. SSA has factored in a 25-percent reduction in staff for SSI because they say that we are able to do low error rate redeterminations.

Actually, this is just a statistical game, because the number of redeterminations that we have to do every year is going up. We are anticipating 35,000 more SSI redeterminations this year, but in spite of that, what we are doing is just redefining what we determine as an error. Instead of a 10-page form, which we had been using on certain cases, we are only going to use a 10-question form.

Mr. DONNELLY. Why is it going up?

Ms. REITER. This is based on SSA's figures. They indicate that there will be 35,000 new SSI beneficiaries this year, and for each beneficiary, we have to do a redetermination each year.

There have been a number of statistical manipulations. I was recently involved in some congressional inquiries in the Compton office, which is part of our union service area, where a supervisor, in order to meet a short-term statistical goal, had done an input which is called an N-20 input to the record.

What this is, if an individual has failed to respond to numerous come-in requests to do a redetermination, we input N-20. What that does is delete that person from the redetermination listings. It also stops their checks.

What happened in that situation was that about 60 people suddenly didn't get their check. They came into the office. They started looking through the folders. Here were all of these files with the original come in letters still in the file. None of the letters had even been mailed out. But what the supervisor was trying to do was meet his short-term statistical goals so that SSA could say that they were improving service to the public.

Service to the public is not being improved. We are playing games with people's lives. Now, each one of those people, who were in dire need, didn't get their check, and Congressman Dymally is trying to do something about it to get them reinstated. Once you have terminated a person from the record, there are all sorts of computer problems in getting them reestablished, so that creates yet more problems and more workloads for us.

Many PE items are being ignored. For years we suspended doing representative payee accountings because we just didn't have time to do them. It wasn't until a claimant whose funds had been grossly mismanaged took us to court that we reinstated that performing that required function—and that was only because the court ordered us to.

For years, we didn't look at rep payees and say, How are you using the money for this person? Everything was glossed over. Just

the fact that we are resuming doing rep payee accounting is a significant workload that requires additional staffing.

There are many similar problems like these that are happening on a daily basis. We cannot do our job correctly; we cannot do the job that we are charged to do with the inadequacy of our staffing levels.

I have already indicated some of the problems with the disability remands, the court remands, and all of the cases that we are going to have to start doing. Not only are we going to have to redo them; hundreds of disability claims, the State agencies are going to have to do them over again as well. That is going to be another significant reason why we need an increase of staff, not a decrease of staff.

There has been absolutely no consideration of what the realities are. Now, SSA, in some of their submissions, said that they had reduced backlogs in the payment centers and in the Office of Disability Operations.

Actually, what happened was that there was a massive amount of overtime. Last year Congress had approved additional funds—some $61 million—in order to let SSA hire more staff. Rather than use the money that way, SSA used it on overtime, and we all know that overtime is less efficient than hiring new staff.

Several of the people in my office and in offices throughout the country were working Saturdays and Sundays in the program centers trying to catch up on some of the backlogs.

There are still significant backlogs. I think, in this year and a half of concerted effort, of working evenings and weekend overtime, they are now working 1980-82 earnings recomputations. Numerous earning discrepancies from large employers are currently pending connection dating back to 1976-78. This means there are hundreds of thousands of people who do not have proper earnings credit posted for their work—when they file for benefits they are being systematically underpaid. Due to another short cut, we no longer get a full breakout of each year's earnings—hence these unreported earnings go unnoticed.

We are predeveloping our claims; we are deferring development. People come into the office. They want a file.

Do you want me to stop? I could go on and on.

[The prepared statement follows:]

STATEMENT OF GAYLA REITER, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, LOCAL 3172 (AFL-CIO)

My name is Gayla Reiter and I am President of AFGE Council 147, President of Local 3172 and Executive Vice President of National Council 220. Our Union represents over 70,000 Social Security field office employees.

Roughy 2 to 3 years ago the Reagan Administration issued a directive for SSA to dramatically step up the Continuing Disability Reviews (CDR's) with the goals of chopping people (and dollars) off the Disability rolls. SSA followed his marching orders and increased the scheduling of CDR's three and four times that of prior years. Pressure was placed on State Agencies (who determined whether a person meets the medical standards of Disability) to terminate beneficiaries—and we did so in unparalleled numbers. You are all familiar with the carnage that resulted. The media graphically portrayed many of the tragic results of this cost cutting move (including tragic circumstances and suicides); the courts eventually ruled these policies violated fundamental rights and ordered benefits restored to entire classes of beneficiaries and still the agency stalled. They would reinstate benefits for the individual initiating the suit, but not for other members of the class. The courts persisted even-

tually declaring HHS Secretary, Margaret Heckler in contempt of court for failing to implement the court's orders.

The issue we have before as today—large cuts in SSA's staff and the projected closure of hundreds of SSA offices throughout the U.S., is directly parallel to the experience with the Disability Reviews. These proposals do not come from a review of the realities and needs of our agency—rather they are a response to a demand placed on us by this Administration to produce large dollar savings. As with the disability program, these cuts will not result in actual savings—it is already evident that SSA desperately needs more staff, not less. We simply can not endure closure of many of our field offices without severe adverse impact on our ability to provide service to the public. The ill planned CDR policy proved much more costly in the long run—benefits abruptly terminated were ordered restored by the Court. The agency had expended large numbers of staff hours processing appeals on the terminations (reconsideration, hearing, Appeals Council and then finally court) only to have the courts order benefits restored retroactively with mandated applications and full appeals process to follow. Hence, the policy purportedly designed to save tax dollars by reducing program cost actually resulted in our expending several times the amount we would have spent had no benefits been terminated. Simply put, these harsh, unthinking cuts (designed to meet short term political objectives) have not been able to stand the scrutiny of the courts.

Let's look for a minute at the issue of SSA's office closures. SSA in its budget submission this year declared it had already implemented over 80% of the Grace Commission's recommendations. The Grace report proposed closure of 843 district and branch offices, closure of all Teleservice Centers, closure of all 3,476 contact stations, as well as closure of resident stations. It was no coincidence that the criteria established in SSA's 1/28/85 memo, entitled: "Draft Service Methodology" resulted in roughly that number of office closures. You have all seen Congressman Roybal's listing of offices that would close if this criteria were applied—it results in 770 office closures. His listing was conservative as it did not include resident stations, Teleservice Centers, or contact stations which are also targeted for closure. By the Jan. 28 memo's criteria, 35 of the 53 offices in the Seattle Region would close; there would be 1 office left in the entire state of South Dakota; in some areas people would have to travel 5 hours to get a SSA office. In many areas there is no bus transportation, yet our own Regulations for SSI require a face to face interview when initially applying for benefits as well as a face to face interview each year following (i.e., the redetermination process). Adequate space is at a premium and SSA does not have authority to make their own acquisitions—we have to work through GSA. SSA's Regional Commissioners have the authority to close offices in large numbers, but a tortuous process is required to reopen them if these whims prove untenable when put into operation.

I can assure you the hue and cry will be deafening as the Administration moves forward to implement its planned closures. Take for example the reaction to closure of a small contact station in my area, near Sacramento—the Woodland contact station. SSA closed this office on 4/84 despite the fact that claimants in the area would have to drive 100 miles to get to the nearest office. The Sacramento District Office manager, Pete D'Anna (his office services this area) told local press that "meeting Social Security customer's one on one is no longer cost efficient." He indicated Woodland was just one of 605 contact stations throughout the U.S. that had recently been closed. Area residents responded with rallies, demonstrations, petitions with over 7,000 signatures as well as mass letter writing campaigns to various Congressmen and Senators. Indeed, a recent conversation with top SSA Regional office officials indicated the vast majority of their Congressional inquiries now revolved around office closures and related service problems. The "solution" (and I use that term loosely) in Woodland was to have the County fund space and phones for the contact station, while assigning volunteers (not SSA personnel) to man the contact station. What this Administration is saying is that they no longer care whether information provided to the public and applicants is accurate; service to the public is a low priority. We no longer are able to respond to individual inquiries, but must attempt group responses, relying on instructions which somehow requires everyone's situation to fit predetermined instructions. I draw your attention to a parallel set of facts revolving around the closure of the Bridgeport Ohio Contact Station. A summary of relavent facts as well as a petition signed by area claimants is attached to my testimony.

We have heard top Agency officials give mouth service to alleged service improvements, stating systems enhancements will allow them to cut 17,000 personnel in the next 3–4 years. But I work in a field office and I tell you those assurances bear no

relationship to fact or to the seriousness of our workload problems. Let me give you a few brief examples:

1. Mail Backlog—several offices in my Region are so busy interviewing the public each day they can not process incoming mail. I've recently been in field offices that have large boxes full of unassociated mail and filing cabinets full of claimant letters and inquiries requiring processing.

2. Overpayment/PE backlogs—many offices have several filing cabinets full of post entitlement actions they've been unable to process due to staffing restrictions. I observed one recent example when I visited the Oakland, Calif. District office. They have filing cabinets full of unworked overpayments and waiver requests—many of them over a year old. This office is in an economically disadvantaged area—many claimants are illiterate and do not understand written instruction. If they receive something in the mail, they usually come into the office. The waiting area was jammed the day I was there—the office staff taking one interview after another with no time to write up or take action on the problems presented to them in this stream of claimants. The office has been working mandatory overtime and detailing personnel from other offices to help clear some of their backlogs. It hasn't made much of a dent in their work to be processed, but as far as SSA is concerned, this office is "over staffed"—the manager is faced with imminent loss of some of his already beleaguered staff.

3. Long waiting times—claimants coming into field offices often wait at least an hour to be interviewed—but in many instances they must wait even longer (i.e., as much as 3-4 hours) before being helped.

4. Reporting instructions not covered—the pressure is so strong to produce immediately "talliable" items to meet the ever changing statistical goals, we take short cuts. Speeding through interviews, not explaining each claimant's reporting requirements are the only way to cope with grossly inadequate personnel numbers. This leads to an uninformed claimant and a potential overpayment later. As already documented in Appropriations hearings, a 1% point increase in the overpayment rate equals a billion dollar cost to the Administration. I am attaching a letter with documentation form the supervising Paralegal form the Alameda County Legal Society. She graphically points to many of these problems, including the fact that 86% of the appeals on overpayment have been reversed at the hearing level.

5. Statistical manipulations—many managers and supervisors being pressed to produce favorable short term statistics take actions which harm the claimant. An example that Congressman Dymally recently became involved in revolved around a Supervisor in the Compton SSA Office who input "N 20" to over 60 beneficiary records to clear them from the redetermination listing. This is an input which is used if an individual has been repeatedly contacted, but refuses to respond. None of these individuals had been contacted (i.e., not even one letter had been sent), yet by doing this "refusal to cooperate" input, all of their checks were stopped. Bear in mind that these are the "truly needy"—as President Reagan has referred to them, those individuals that have no other means of support. I could give you many similar examples, but they all force us to question how these purported statistical goals actually correlate with public service.

6. New Profile Technique for SSA Redetermination is a Time Bomb—SSA has projected staff and cost savings by redefining what they feel are those situations & redeterminations likely to result in an overpayment. The number of SSA redeterminations we have to process has increased (35,000 more are projected for this year than last). SSA had administratively decided to take a 10 question form, rather than 10 page form on several of these redeterminations. What it means is we're not going to look for the overpayments—a "what we don't know, won't hurt us philosophy." But unfortunately, many of these overpayments do surface, albeit sometimes years later when corrections are much more difficult to document or correct. The small immediate administrative savings we achieve through staff cuts, actually costs us millions more in benefits incorrectly paid.

7. Post Entitlement Items Ignored—we have become so sophisticated at manipulating statistics to meet the ever changing "goals," that low priority items are often ignored. One such low priority item has been representative's use of funds for a claimant annually, in actual fact SSA had suspended performing these reviews for years. In many instances payees were not using a beneficiaries funds for his support, and some claimant were literally starving. It wasn't until a disgrunted claimant filed a class action suit with SSA over his payee's misuse of his funds and the court ordered SSA to resinstitute annual accounting, that we resumed performing this required function.

8. Massive amounts of overtime was required to reduce ODO & PSC backlogs—SSA has alluded to reduced backlogs in ODO & PSC's implying we no longer face

significant workload backlogs. This reduction was accomplished with the infusion of massive amounts of overtime. Field personnel have been working overtime in the Program Centers on Saturdays and Sundays for the 1st year & one half to reduce the backlog on AERO recomputations and claims. Despite the incredible efforts made to reduce this workload, Payment Centers are only now beginning to work on recomputations involving 1982 earnings. SSA has factored in a large reduction in overtime for this coming year, hence backlogs will again burgeon.

9. Disability changes will require major staffing additions, not reductions—a combination of court remands as well as complex legislative changes will put significant demands on SSA field offices and stage agencies. The major areas of revised policy involve: a) changes in the medical improvement standards, b) revision of the mental impairment criteria as well as, c) continuation of disability benefits during appeal. SSA has acknowledged interviewing and processing time will increase due to these complex changes, but thousands of cases previously processed will also have to be reworked through all stages of the Appeals process (reconsideration, hearing, Appeals Council, and Court).

10. Predevelopment, deferred development and others questionable practices—in order to cut down processing time and meet goals, many extraordinary measures are being taken. For example, we are deferring development on disability claims—getting only a skeleton application until we learn whether "Disability" has been approved by the state Agency. If it is later approved, we have to recontact the person, have him come back into the office, reinterview him, get his proofs, etc. All of this means a significant delay in the claimant receiving his check. We no longer take protective filing statements—they cost us too much processing time. Instead we send claimants out to get needed proofs (like a birth certificate or W2 form) before actually taking his claim. If something happens to him before he gets back to file a claim, he is not protected.

11. *Extraordinary measures to achieve a statistic*—an example of the extent to which we are driven to meet our statistical goals is the extraordinary measures we take in processing SSI and RSI aged claims. Bear in mind that the aged claims are usually not those beneficiaries that are the most in need, nor the most desperate. It is standard procedure in most offices to drop everything else—hand walk through a aged case from interviewer to reviewer to data input. If bank verification is needed, we send a Field Representative out to the bank to get the form (4641) singed that day. We institute very tightly controlled close out procedures, so that if a needed piece of evidence is not received, we deny the claim feeling we can always redevelop the evidence once the claim is "off the statistical record" and our procesing time is no longer running. Unfortunately these practices should change already backloged services in other areas. Many individuals in hospitals are not able to apply for benefits as Field reps, are so tied up in other projects (like the same day calls to banks), they have no time to visit hospitals to take claims. Those unfortunates in hospitals either die, get a relative to file for them or delay applying until they can get to the office.

12. *Stringent guidelines on overpayment waivers create more need for staffing and are a hardship on beneficiaries*—SSA has made waiver of any overpayment almost impossible. These very stringent requirements have resulted in large numbers of waivers being denied in the Program Centers which in turn impacts upon the field as individuals come to the office for "personal conferences." These mini hearings take about 2 hours, require the Claims Rep. to do a Special Determination (a time consuming process which involves much research and considerable development, but little or no "talleable credit amount of time)".

I have reviewed many waiver determinations where individuals made a report to our office (either by coming in or writing to our office). For whatever reasons, we did not effectuate the necessary change (systems problems, work backlogs, etc.) and now want the person to pay back the overpayment. Despite the fact that the person did report the change and can't afford to repay the overpayment, we routinely deny the waiver insisting the overpaid amount be repaid. The concept of "against equity and good conscience" seems to have no application these days.

There are numerous other examples of the effort our agency has made to try to cope with ill advised staffing cuts. We can not afford them—we are barely keeping our head above water now. It is all too evident that these Grace inspired cuts are not based upon our needs; do not consider what is best for the public or our agency's survival; but rather are a thinly disguised political ploy designed to ultimately contract out and decimate our agency. I urge you to prevent this and to assure the efficient administration of programs, our agency has long provided! We need more staff, not less—the same number of offices not fewer.

LEGAL AID SOCIETY OF ALAMEDA COUNTY,
Oakland, CA, March 29, 1985.

To Whom It May Concern:

I am the Supervising Paralegal in the Administrative Law Unit of the Legal Air Society of Alameda County. This office represents approximately 1,000 Social Security and SSI appellants each year.

Many of the appeals handled are overpayments caused by Administrative error or delay in processing information. I am enclosing three such cases. In each, all information regarding the income or households change was promptly reported; but no action was taken to correct payment amounts. In each the Administration is taking the stance that after reporting the claimant's "should have known" their checks were to have changed—despite notices to the contrary.

Appeals in such cases are frequently quite lengthly and are conducted at great cost to the Administration. Our reversal rate is currently 86% at the Hearings level. A clear indication of the frequency of such cases.

We have seen a rise in these types of cases over the past four years. It has been our experience that Claims Representatives are far too overworked to handle any matter which is not accompanied by a visiting claimant.

The notion that the number of Service Representatives or Claims Representatives can be reduced further is clearly contraindicated. The bulk of the work done by the Administration requires face to face contact with the claimants. Without this contact many more errors and claimant's misunderstandings will be propagated and Administration costs are likely to increase as a net result.

Because of the large number of claimant's currently on benefits; those who need to visit the Social Security offices are obliged to wait hours on end before a Claims Representative is free. This often aggravates their disabilities and causes a great deal of anxiety. However, without the face-to-face contact; many claimants are unable to comprehend their rights and responsibilities; properly report changes which effect their payments or even pursue their appeal rights.

Our offices are often able to resolve problems by making a phone call to the Local Social Security office regarding a specific case issue.

The proposition that the number of Service Representatives and Claims Representatives be reduced has been clearly contra-indicated by our experience. Our Unit strongly feel that fewer Representatives will reduce the time claimants are able to spend with a knowledgable source who can explain the ever more complicated Social Security/SSI System. This, in turn, will result in more client ignorance and misunderstanding and lead to more difficulties. The Administration has so much paper work at present that they can't always keep abreast of all of it. Reducing staff will surely not remedy Administration delays and errors and would only escalate the Administration expenses in the resulting increase of appeals.

I am writing this letter on rather short notice; if any further examples or clarification would help you in your determination; please feel free to contact me any Monday through Thursday at the above number.

Very truly yours,

DENISE K. MAHONEY,
Supervising Paralegal,
Administrative Law Unit.

Enclosure.

SOCIAL SECURITY NOTICE

DECEMBER 5, 1984.

From: Western Program Service Center Richmond, CA 94802.

This refers to your incorrect payment of $7359.90.

Your entitlement should have terminated September 1979 due to your marriage. Since you continued to receive benefits through November 1982, you were overpaid $7359.90.

Sections 204(a) and (b) of the Social Security Act require that incorrect payments must be recovered or adjusted against benefits later payable unless the overpaid individual meets both the following conditions:

1. The individual is completely without fault in causing the incorrrect payment, and

2. To require payment would be against equity and good conscience or would otherwise defeat the purpose of the Act (cause undue hardship).

Under Regulations No. 4, Section 404.507, an individual will not be without fault if the evidence shows that the incorrect payment resulted from:

a. An incorrect statement made by the individual which she knew or should have known to be incorrect; or

b. Failure to furnish information which she knew or should have known to be material;

c. Acceptance by the person of a payment that she knew or should have known was incorrect.

Based on the evidence submitted, it cannot be determined that you were without fault in accepting the incorrect benefits of $7359.90. Waiver of recovery of the overpayment is not possible since one of the requirements for waiver of overpayment has not been met.

SUPPLEMENTAL SECURITY INCOME NOTICE OF RECONSIDERATION

FEBRUARY 21, 1985.

From: Department of Health and Human Services, Social Security Administration.

Your request for reconsideration regarding a waiver of your Supplemental Security Income overpayment has been reviewed.

The decision is that you do not qualify for a waiver because you were at fault in accepting Supplemental Security Income benefits after your self-support plan had expired.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

FORM APPROVED
OMB NO. 0938

OVERPAYMENT RECOVERY QUESTIONNAIRE

SOCIAL SECURITY CLAIM NUMBER

NAME OF OVERPAID PERSON(S)

NAME OF INSURED INDIVIDUAL
SAME

Privacy Act Notice: If an overpayment has been made, the Social Security Administration (SSA) is required by law to recover such amount unless recovery of the overpayment may be waived. Recovery of an overpayment may be waived only if you are not at fault in connection with the overpayment AND recovery would deprive you of income necessary to meet your ordinary living expenses or would be otherwise unfair. The information requested on this form is authorized by law and will enable SSA to determine whether recovery may be waived. If SSA determines that recovery may not be waived, the financial information on this form may be important in establishing the rate of recovery or the extent of the recovery efforts. Disclosure of information requested on this questionnaire is voluntary, but failure to provide the information requested may result in a denial of your request for waiver, and, if SSA is unable to recover the overpayment, it may be necessary to report the overpayment to the General Accounting Office for further collection effort.

The information you furnish on this form may be disclosed by SSA to another person or to another government agency for the following purposes:

1) to assist SSA in establishing the right of an individual to social security or black lung benefits and/or the amount thereof;
2) to facilitate statistical research and audit activities necessary to assure the integrity and improvement of the programs administered by SSA; and
3) to comply with Federal laws requiring the exchange of information between SSA and another agency (such as the General Accounting Office).

• Sections 204, 1631(b), and 1870 of the Social Security Act, as amended (42 United States Code 404, 1383, and 1395gg) and section 413(b) of the Federal Coal Mine Health and Safety Act of 1969, as amended (30 United States Code 923(b)).

PART I - WITHOUT FAULT STATEMENT
(To be completed by all applicants for waiver)

1. Explain fully why you thought the incorrect payment was due you and why the overpayment was not your fault.

I WAS NOT AWARE THAT MY PASS PLANS WERE NOT SIGNED BY THE SOCIAL SECURITY ADMINISTRATION. EVERY CLAIMS REPRESENTATIVE I'VE DEALT WITH BETWEEN 4/82 and EARLY 1/84 ACTED AS THOUGH I HAD A VALID PASS. VOCATIONAL REHABILATION THOUGHT SO, TOO. I WAS NOT AWARE OF "TIME LIMITS". I BELIEVED MY EXTENSIONS WERE APPROVED.

2. Did you report the change which affected your monthly payment? ☐ Yes ☒ No

IF "YES" WHEN DID YOU REPORT? *(Give date)*

IF "NO" WHY DIDN'T YOU REPORT?

THERE WAS NO CHANGE.

3. If you are overpaid because of your earnings, what did you do to limit your earnings?

N/A

FORM SSA-632 12-77 Previous editions of this form are obsolete

SUPPLEMENTAL SECURITY INCOME NOTICE OF DECISION TO RECOVER OVERPAYMENT

DECEMEER 6, 1984.

From: Department of Health, Education and Welfare, Social Security Administration.

This concerns the incorrect supplement security income payments of $11,452.50 for April 1982 thru May 1984. We have determined that repayment of this amount is required.

An overpayment must be paid back unless both of the following are true:

1 You were not at fault in connection with the overpayment, and

2 You could not meet your necessary living expenses if you had to pay back the overpayment or we kept your refund, or repayment would be unfair for some other reason.

We find that you do not meet these conditions because the period of your eligibility to a Plan for Self-Support was explained to you at the time your plan was initially approved. You should have known that this period had elapsed and that you were no longer entitled to Supplemental Security Income.

Therefore, you should refund the overpayment of $11,452.50. Make your check money order payable to the Social Security Administration, social security number 224-72-0640, and mail it in the enclosed envelope. (If you cannot refund the full amount, please get in touch with us making monthly installments.)

REPORT OF CONTACT
(Use ink or typewriter)

ACCOUNT NUMBER AND SYMBOL

TO: NE MAT SE GL WN MAM
ODO DIO DDS

NAME OF [illegible] INTERVIEW

PERSON(S) CONTACTED AND ADDRESSES ☐ WE OR SE PERSON ☐ OTHER (Specify)

CONTACT MADE ☐ DO ☐ BO ☐ CS ☐ HOME ☐ PHONE ☐ OTHER

DATE OF CONTACT

SUBJECT

The claimant was a member of a couple until 7/83. He and his ~~spouse~~ separated in 12/82. The record was in MOI and he was paid the couple rate through 6/84! It re-computed the benefits for claimant from 7/83 through 6/84 and found that he was overpaid $1209.40.

During this period his spouse, Marsha was his payee. She reported the separation in 3/83 but unfortunately this B/O did not take action until 6/84! It appeared that the O/P was our fault.

There is an OPU on the T30's record of $118.00 for 9/82. No action was taken on this either but it should be put on the new record.

SIGNATURE
Linda Deschamps

DISTRICT OFFICE (Name, Address & Code)
WABO-433

☐ SCR ☐ FR ☐ SR ☐ CLAIMS CLERICAL ☐ OTHER (Specify)

DATE OF REPORT
7-13-84

PAGE 1 OF 1

Form SSA-5002 (8-81)
Prior editions usable

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EXHIBIT 5 PAGE 1

SUPPLEMENTAL SECURITY INCOME NOTICE OF OVERPAYMENT ACTION

AUGUST 9, 1984.

From: Department of Health, Human Services, Social Security Administration.

We have determined that you received $2162.95 more in supplemental security income payments than you were due.

You were overpaid in September 1982 due to your receipt of Social Security benefits. You were overpaid for July 1983 thru June 1984 due to the change in your marital status.

Please refund the overpayment of $2162.95 immediately. Make your check or money order payable to the Social Security Administration, and mail it in the enclosed envelope. Include your Social Security number on the check or money order.

If within 30 days you do not refund the full amount or if we do not hear from you, we will withhold $49/month from your SSI checks beginning 10/1/84 to recover your overpayment. (Please get in touch with this office if you disagree with the proposed rate of repayment.)

Please read the other side of this notice for important information concerning your right to appeal this determination of overpayment.

You have certain additional rights with respect to overpayments whether or not you agree that you have been overpaid. Under the law, an overpayment must be withheld from payments due you, or paid back unless both of the following are true.

1 You are not at fault in any way in connection with the overpayment and you cashed the check(s) because you thought it was (they were) due, and

2 You could not meet your current necessary living expenses if you had to pay the money back, or repayment would be unfair for some other reason. (To make this decision, we may need additional information about your resources and your monthly income and expenses.)

If you think you meet both the conditions which would allow us to waive repayment of the overpayment, phone, write or visit a Social Security office within 30 days after getting this notice to explain why you should not have to repay the overpayment. If you do not get in touch with us, we will recover the overpayment as described above.

REPORT OF CONTACT
(Use ink or typewriter)

ACCOUNT NUMBER (If known)

TO: NE MAT SE GL WN MAM
D45
000 DIO DDS

NAME OF WAGE EARNER OR SE PERSON

PERSON(S) CONTACTED AND ADDRESSES ☐ WE OR SE PERSON ☐ OTHER (Specify)

CONTACT MADE
☐ DO ☐ BO ☐ CS ☐ HOME ☐ PHONE ☐ OTHER

DATE OF CONTACT

SUBJECT

Claimant came in today with the O/P letter you sent him. The file was transferred to you recently. If I remember correctly, the O/P (or at least part of it) was our fault. He and his wife separated in 12/82. They reported this to us in 12/82 or 1/83. We didn't stop pay the correct amounts until recently. Hopefully the file has the info.

SIGNATURE: Linda Ducharme

DISTRICT OFFICE Name Address & Code:
W·A·B·O· 433

☒ CR ☐ FR ☐ SR ☐ CLAIMS CLERICAL
☐ OTHER (Specify)

DATE OF REPORT: 8-24-84

PAGE OF

Form SSA-5002 (8-81)
Prior editions usable

U.S. Government Printing Office: 1983—381-159/1037

EXHIBIT 9 PAGE 1

[From the Contra Costa Times, Mar. 3, 1985]

Social Security Closures Feared

(By Nilda Rego)

Social Security offices in Pittsburg, Richmond and San Pablo are among 770 nationwide being considered for closure in a draft proposal circulating through the government agency, a local labor leader says.

But Health and Human Services Secretary Margaret Heckler on Friday said that isn't true.

Gayla Reiter, San Francisco president of Local 3172, American Federation of Government Employees, also listed Livermore, Fairfield, Vallejo, San Leandro, southwest Berkeley, three in San Francisco and the Berkeley Teleservice Center as targeted for closure. She said the Oakland west office on the list was just closed recently.

The six-story Western Program Service Center located in Richmond would suffer cutbacks in personnel under the proposal, said Dave Mack, vice president of Local 1122 of the AFGE.

He said the memo could mean a reduction of 359 jobs out of the 1,700 at the center.

Social Security officials called the draft a "routine study" that may not ever be implemented.

But Reiter, who just returned from Washington, D.C., said the agency "would never do a major complex study like this with all this information due in two weeks" if it wasn't to be implemented.

Last week Heckler admitted at a congressional hearing that "some number of Social Security offices will be closed."

Rep. Edward Roybal, D-Los Angeles, said Heckler testified at his subcommittee on aging. He said he asked her about the internal memo and she admitted its existence.

As a result of the testimony, Roybal and four other congressmen sent the draft proposal and list of closures to the General Accounting Office requesting a report by March 18 on "the impact of the potential closing of hundreds of offices."

The congressmen also wanted to know if Social Security staff members could carry out its duties if the administration went through with a previously announced proposal to eliminate 19,000 jobs.

In addition, they requested information on how cuts instituted since 1980, which included the closure of 20 offices, the downgrading of 39 others and the elimination of weekly visits to 605 rural communities, had affected Social Security beneficiaries.

Heckler responded Friday by issuing a statement: "We are planning no massive assault on existing Social Security offices across the country."

"We are putting into place a disciplined process that calls for an ongoing, long-range review of all of our field facilities so that we can determine whether the organizational structure that has been in place for decades makes sense in today's environment," she said in the statement.

"If the status quo best serves the people, we will retain it. But where population shifts, demographic changes and technological improvements warrant change, we will make change.

"No ax is about to fall. Our review will take several years and our overall goal remains unchanged; to provide accessible and responsive service to the American public in the most cost-effective manner possible."

Social Security officials said last week that no one would be laid off because of the cutback in 19,000 positions. All the staff reduction would be done through attrition.

However, Reiter believes there has been a change of heart within the administration. Instead of the three or five years it was going to take to reduce the workforce, "I understand that they are talking about one or two years now."

Reiter said if the cutbacks are carried out the payment-error rate could increase.

"If the error rate went up, only by 2 percent, it would wipe out any savings and more," she said.

[From the Federal Times, Mar. 11, 1985]

HUNDREDS OF SSA OFFICES MAY VANISH IN "STREAMLINING"

(By Bill Montague)

The Social Security Administration has put the wheels in motion for its controversial plan to reduce the number of agency offices around the country.

A directive to SSA's 10 regional commissioners lays out guidelines for an extensive, year-long review of the agency's field structure, with an emphasis on the smaller SSA offices—those with fewer than 25 employees.

The field office "streamlining" is part of an overall effort to cut the agency's payroll by nearly 20 percent over the next five years through centralization, automation and contracting out.

Officials of the American Federation of Government Employees, who have obtained copies of the directive, say that if strictly applied, it would mean the closure or downgrading of as many as 700 district and branch facilities. Previous agency estimates had foreseen more modest cuts—between 150 and 200 offices, according to a December budget memo.

This, the unionists say, would virtually eliminate SSA's presence in some rural areas.

"If this proposal goes through, there will be two offices in Maine, and one office for the entire state of South Dakota," claimed Gayla Reiter, an official of AFGE's Social Security bargaining council.

Other union officials blasted the plan as an indirect way of cutting benefits, saying a reduction in field services will discourage many SSA clients from applying for the benefits they are entitled to.

Nelson Sabatini, SSA's deputy commissioner for management, scoffed at these assertions, saying "the union's analysis is way off base."

"We are not talking about massive closings," Sabatini said. "We are not trying to prejudge what we need in the way of service delivery, and no one has set a target that says we have to close a certain number of offices. All we are saying is that we need to look at our structure in some sort of systematic way and make some decisions."

Indeed, the directive, drafted by a committee of regional SSA managers, does not set forth detailed targets for reductions, noting that "the 'best' options for service delivery approaches will depend on local circumstances and will vary from place to place."

But AFGE officials say that regional management officials they have spoken with claim to have received verbal directions that are much harsher—and more specific—than the guidelines set out in the directive.

"I don't know who would have given [the managers] that impression, or why," said Sabatini. "There is nothing in the [directive] that says you have to change just for the sake of change. We recognize that in some areas the status quo may be the best possible arrangement."

The directive does, however, recommend that regional managers take a close look at the large number of small offices which the agency has opened over the past two decades, particularly in major urban areas.

District or branch offices with fewer than the 10 employees, the directive proposes, should either be closed or downgraded to resident stations—one- or two-person operations that are not open full-time—"unless other considerations are overriding."

Offices with fewer than 16 workers are also listed as likely candidates for elimination, as are offices staffed by fewer than 25 employees, if they are located within 25 miles of another full-service facility.

According to Sabatini, 421 of SSA's 1300 field offices fall under those criteria. "During the 1960s," Sabatini said, "we opened up just an incredible number of small facilities around the country. Those offices were necessary at the time, but now we need to start looking at them."

Sabatini cited the changing characteristics of the agency's clientele, advances in public transportation and the massive population shift from the Northern industrial states to the so-called "sunbelt" as reasons for a major overhaul of the SSA field structure. In some areas, he added, the agency may actually open new offices.

Replied AFGE's Reiter, "It's all a smokescreen. They are trying to remodel the agency along the lines of the [Internal Revenue Service]—a centralized organization which has little direct contact with the public. This is just not compatible with the mission of our agency."

The directive also encourages regional officials to explore a variety of alternatives to existing service systems—perhaps on an experimental basis.

"We want the regions to have maximum flexibility in their operations to deliver the services they provide," said Sabatini. "Our current rules do not allow that kind of flexibility."

Suggestions include the use of mobile vans for periodic visits to communities which will no longer have a permanent office, assigning "caseworkers" to handle all SSA business in a given area, and setting up computer terminals—similar to the automatic tellers now in use at many banks—to answer routine inquiries.

The document also suggests that regions refrain from assigning a full complement of administrative staff to smaller offices that may not need it, and consider creating "city managers" to coordinate all SSA activities in a single metropolitan area.

Changes are suggested as well at SSA's telephone service centers, which handle phone-in questions about eligibility requirements. The unionists claimed that the agency plans to close all 34 of the centers. Sabatini denied this, saying the future of the centers will depend on the regions they serve.

Sabatini said the agency will also be looking at its "contact station" program, under which SSA employees regularly visit rural post offices, libraries and other public facilities to answer questions and handle claims paperwork.

Over the past two years, the agency has dropped nearly 85,000 locations from the program and reduced the number of visits to many others.

The directive sets a deadline of December 31, 1985 for each regional commissioner to submit a plan and timetable for making reductions in small offices—the initial target of the review process.

By the end of 1987, the document projects, SSA's entire network of field facilities will have been studied. The process will be a perpetual one, the directive states, with subsequent reviews occurring on a five-year cycle.

[From the Washington Post, Mar. 22, 1985]

Slash in Social Security Staff Stirs Lawmakers' Suspicions

(By Spencer Rich)

One of the great bread-and-butter issues on Capitol Hill these days is whether the Reagan administration's proposal to eliminate 17,000 employees of the Social Security Administration by 1990 is hiding a plan to reduce services and close up to half of the agency's 1,350 regional offices.

Members of Congress, who receive more constituent requests for help on Social Security problems than on anything else, dread both possibilities. Local 1923 of the American Federation of Government Employees, which represents the workers, has inflamed the controversy by compiling a list of 770 offices that the union contends may already be designated for cuts or elimination.

Acting SSA Commissioner Martha McSteen walked into the lion's den this week and told a House Appropriations subcommittee that the agency can make the personnel cuts without disrupting services.

She said the agency routinely reviews the efficiency of its offices and the services they provide, and some might be closed or consolidated. But there is "no predesigned plan" to eliminate a specific number.

She added that the agency would be able to absorb the personnel cuts by increasing computerization, improving systems and eliminating manual handling of records. She said 4,000 to 5,000 employes leave each year and thus the cuts can be accomplished simply by not replacing them.

But subcommittee Chairman William H. Natcher (D-Ky.) was not convinced. "This is not going to work, it's not going to work, Mrs. McSteen," he said. He demanded to know whether she had set the 17,000-employe goal or whether it had been imposed by the Office of Management and Budget.

McSteen responded that she had not proposed the cut but that OMB's budget instructions had ordered a cut of 19,000 workers. Health and Human Services Department officials bargained that down to 17,000.

Reps. Silvio O. Conte (R-Mass.), Edward R. Roybal (D-Calif.) and several other committee members kept up the attack. Roybal cited an internal SSA document saying that regional SSA commissioners, in reviewing "service delivery" facilities, should use certain "screening criteria."

It suggested that district and branch offices with fewer than 10 employes "should be consolidated, closed or converted" to offices with fewer services "unless other

considerations are overriding." Offices with staffs of between 11 and 16 "should be reviewed for conversion, consolidation or closing." The document did not name any specific offices, but after Local 1923 obtained the memo it estimated that up to 770 offices should be affected.

McSteen said the document was only a draft prepared by subordinates and was "totally misunderstood." She gave unequivocal assurances that "there is no predesigned plan to do anything detrimental" and that no office would be closed unless the same services were still provided nearby.

"If you get any offices you want to close in my district, you'd better talk to me first," Conte replied. He wondered aloud whether these ideas originated with McSteen's agency or with "the young slasher," an apparent reference to OMB director David A. Stockman.

Battle Apparently Won to Reopen Social Security Office in Woodland

(By Gretchen Kell)

A group of residents appears to have won its battle to have a Social Security office in Woodland reopened after an effort that includes a petition with 7,290 signatures and a letter drive to officials from the president on down.

With approval pending from the regional Social Security Administration in San Francisco, service removed last year for economic reasons will resume as early as April 1.

"We had to express our indignation, hardships, added expenses, and problems in transportation." said Vi Giesen, leader of the 25-member Committee to Restore Social Security Services to Woodland. As a result, "We are actually a pilot case (for) the entire nation."

Since September 1982, 605 Social Security outreach centers, including Woodland's have closed across the nation, said Roland Clements, manager of the Social Security office in West Sacramento. Some Yolo County residents—including the elderly, disabled, and improverished—have been forced to make 100-mile-round trips in West Sacramento.

But because of pressure from citizens, reinstated service in Woodland will be "a completely new way of doing business," said Clements. The county, not the U.S. government will provide office space and a telephone line. And a national organization that finds jobs for the elderly will staff the office.

"I haven't heard of any other community taking this approach," said Clements. "it's exciting to see this happening."

The arrangement shows people being creative, said Peter D'Anna, district manager for the Social Security Administration in the Sacramento metropolitan area. "What comes out of this may affect other areas" lacking service.

The office will be staffed by an employee from the federally funded California Green Thumb, a program set up under the Older Americans Act. The worker will be trained by Social Security to staff the office five days a week, four hours a day. D'Anna said.

Basic services such as handing out forms, taking new applications, and making phone calls for residents will be handled at the office. But a Social Security staff member will travel to Woodland "whenever needed" for more complex, person-to-person appointments, said D'Anna.

Although D'Anna estimated scheduled visits will occur "once every 10 days for routine claims" or "as service requires," Yolo County Supervisor Betsy Marchand said every 10 days should be the bare minimum. "We should push for once a week," Marchand said.

At the outreach center, clients with routine requests will be separated from those who need to make appointments. The system should cut back on the amount of time residents spend waiting in line for service, said Gaye Lopez, field representative for Rep. Vic Fazio, D-West Sacramento. Both Fazio and U.S. Sen Alan Cranston joined the local fight to reinstate service.

Social Security Services Returning to Woodland

(By Steve Martarano)

Woodland will not be getting its outreach Social Security office back in its former state, but a compromise has apparently been reached.

Peter D'Anna, Sacramento district manager, told a committee of Yolo County senior citizens Monday that the "presence" of a Social Security office should be returning by April 1, possibly sooner.

"We believe we can get Woodland back in touch very comfortably with the Social Security," D'Anna said to the Committee to Restore Social Security Office in Woodland.

The proposed program will be a pilot operation, said Vi Giesen, who organized a petition drive that gathered over 7,200 signatures.

"We think it (the proposal) is very welcome at this time," Giesen said. "We're a pilot case, and if we can make it cost efficient, we'll provide a service for everybody else."

D'Anna said meeting SS customers one-on-one is no longer cost-efficient, thus prompting the closure of 605 offices nationwide.

D'Anna said the most expensive facet of running a Social Security office is the issuing of SS numbers and the maintaining of existing accounts most of which can be done without face-to-face contact.

Woodland's 10-year-old office closed 11 months ago while offices in West Sacramento and Davis were spared. West Yolans became concerned when seniors found getting to West Sacramento a hardship.

A petition drive and letter-writing campaign resulted and Gaye Lopez, U.S. Rep. Vic Fazio's field representative, suggested well publicized monthly office hours and seeing people by appointment

"It's taken a crisis to get every body to work together." Lopez said.

D'Anna's proposal, contingent on approval from his field supervisor in San Francisco, calls for some office hours at a state agency and key assistance from the Green Thumb program.

Green Thumb is an agency under the Department of Labor which employs senior citizens in seniors-related projects.

D'Anna, however, would not confirm exactly how often SS employees would be available in Woodland.

He said a toll-free number would be set up for outlying areas and applauded Sacramento's office as being a "model" program for working telephones.

"Sacramento handles 1,000 calls a day," D'Anna said, "It's a model operation. In about 80 percent of those calls the cases are handled to completion."

Community determination to keep a Social Security office in Woodland despite the agency's necessity to economize has resulted in a cost-cutting compromise that may be copied elsewhere.

The "Woodland solution," as it is being called, partially relies on volunteers to handle office work.

Yolo County will chip in to hold costs down by providing office space and telephones for a new Social Security outreach office in Woodland. Further, county employees will supervise the Social Security office staff and volunteers.

The "Woodland solution" started to jell after 7,000 local residents signed petitions asking the Social Security Administration to reopen its part-time office that was closed in April.

The petition signatures were gathered by the Committee to Restore Social Security Service in Woodland, which was appointed by the Yolo County Commission on Aging.

The Social Security outreach office will be open from 10 a.m. to 2 p.m. Monday through Friday, beginning April 1.

From one viewpoint, senior citizens in the Woodland area have won a battle with the bureaucracy. The significant lesson learned from the Woodland experience, however, is that bureaucracies occasionally are willing to move in new directions to accommodate the public.

Peter J. D'Anna, the Social Security Administration's Sacramento district manager, noted that his agency previously has never used volunteers.

Mr. D'Anna added:

"If 25 percent of Social Security Administration staff is cut, or 20 percent of our offices are closed as proposed—if any of that goes through, then we may see more versions of the Woodland solution."

Woodland's Social Security office will not offer full services, but will offer face-to-face contact for area residents. Most Social Security recipients' questions will be phoned to a regular administration office to be answered by computer check.

Woodland residents should be pleased they are getting their Social Security office back. Everyone should be encouraged that the agency was willing to listen to the people and take innovative steps to meet their desires.

[From the Federal Times, Apr. 1, 1985]

Staff Reduction Plan of SSA Questioned

The General Accounting Office is questioning the Social Security Administration's plan for a 21 percent staff reduction through attrition.

Reductions-in-force may be necessary to achieve a projected cut of 17,000 employees by 1990, GAO said in a perliminary report, which was released by Rep. Vic Fazio, D-Calif.

Also, auditors criticized SSA's proposal to close one-third to one-half of its field offices without first establishing criteria for "acceptable service delivery."

The Reagan administration wants to eliminate 1689 full-time SSA positions in 1986 and more than 3000 in each of the next four years.

Agency officials have said the cuts can be made painlessly through increased computerization and a "streamlined delivery system" that would eliminate inefficient local offices. They have pledged no RIFs or service cutbacks.

About 4,000 employees leave SSA voluntarily each year. But GAO said that "it is not certain such attrition will take place in those job categories being phased out" and suggested that savings projections may be exaggerated.

"SSA has little or no data to support the extent of anticipated staff savings beyond fiscal 1986," the report added.

GAO criticized the agency for drawing up criteria for closing field offices before developing "measurable" standards for services to the public. No immediate closings are planned, but regional officials will start making recommendations late this year.

Using SSA's criteria for office closings—for example, employment of fewer than 16 staff—the House Select Committee on Aging has calculated that more than 700 of the 1,340 facilities are at risk.

Nelson Sabatini, SSA's deputy commissioner for management, recently said that 421 offices meet these criteria.

SSA spokesman John Trollinger said the agency would have "no immediate comment on GAO's report.

Fazio, a critic of the proposed cuts, endorsed the audtors' findings: "The GAO interim report indicates that the administration has put the cart before the horse in its planning," he said in a statement.

"The administration's assertion that its new computer modernization program will fill the void left in the wake of these cutbacks unsubstantiated."

Edward Roybal, D-Calif., chairman of the Aging Committee, agreed: "There has been no thought given to how long a person would have to wait before getting service, in rural areas, how far some one would have to travel.

"The administration has come up with a sweeping plan with only one thought in mind—cut the size of the Social Security Administration."

Social Security Trust Fund Pays Back $1.8 Billion on Loan

Washington.—Social Security's once impoverished old age trust fund, which borrowed $17.5 billion in 1982 so it could issue checks on time, repaid a quarter of those loans yesterday.

It returned $1.8 billion to its sister Hospital Insurance trust fund and $2.5 billion to the Disability Insurance Fund, Social Security spokesman Jim Brown said.

The fund is now back in the black and showing surpluses each year instead of deficits.

The 1983 Social Security rescue legislation, which shored up the system by cutting some benefits and raising taxes, required the old age fund to repay the $17.5 billion in loans when the fund built up a 15 percent reserve.

Margaret M. Heckler, the secretary of Health and Human Services, sent outgoing Treasury Secretary Donald T. Regan a letter Jan. 22 recommending the repayment. He concurred and it was made yesterday.

Brown said the next installment could be paid next Jan. 31, after officials see where the trust funds stand.

Social Security has been helped by the economic recovery and the drop in unemployment, which have raised its revenues, and the easing of inflation, which has curbed the growth of benefits.

The trust funds need some money in reserve to pay checks on time, but the system operates primarily on a pay-as-you-go basis, with Social Security getting payroll taxes from workers and employers and disbursing the money to 36 million retirees, disabled workers and their families.

Reagan Plans To Slash Social Security Staff

Washington.—The Reagan administration plans to cut the Social Security Administration's staff by some 20 percent, which would severely hamper its ability to do its job, members of Congress and an organization of SSA managers said yesterday.

Sen. Paul Sarbanes, D-Md., said he has heard a reduction planned by the administration would be in the range of 20 percent to 25 percent of the present staff, which would mean the elimination of between 17,000 and 19,000 positions.

He told a news conference that while President Reagan has promised not to cut Social Security benefits, staff cuts are "an indirect way to cut benefits and pick up money for their deficit problem."

Sarbanes said "the justification being cited by the Administration most prominently, namely computer modernization, is utterly unconvincing. The new computer equipment at SSA has yet to meet minimum expectations and has been the subject of congressional hearings and a critical General Accounting Office report."

Even if the computers were performing adequately, he added, "there is no evidence that such dramatic personnel reductions could be safely achieved."

"Staff cuts such as those proposed would shatter the fragile balance that enables the Social Security Administration to effectively provide service to the millions of elderly and disabled who depend on us," said Stephen D. Bauer, president of the National Council Social Security Management Associations, Inc.

"Even with the present number of offices, many people are forced to drive long distances and waste large amounts of time waiting to be served," he said.

"Staffing cuts would result in even longer waiting times. It would also cause the closing of many district offices which would make visits to the Social Security office for many of our elderly and handicapped a real hardship, and indeed impossible in some cases."

Bauer said the council is an organization of the managers and supervisors of the 1,300 Social Security offices around the country.

Claire del Real, a spokesman for the Department of Health and Human Services, which includes SSA, said she could not comment on Reagan's budget proposals, which will be released Monday.

But she said HHS has asked the Social Security Administration to review the impact of computer modernization on staffing levels, and that review is now going on. "The review assumes that any reduction would come about through attrition and without any loss of quality service that SSA provides the public," she said.

[From the Federal Times, Feb. 11, 1985]

Critics Hit SSA Cutbacks, Push Independence Plan

(By Bill Montague)

Current plans to cut nearly 20 percent of the Social Security Administration's work force will seriously damage the agency's operations, critics charge.

At a January 31 press conference, representatives of an SSA managers association and their congressional allies blasted the proposal, saying it will end up costing more than it saves, due to lower productivity and increased payment errors.

A number of House and Senate Democrats attended the event, including virtually the entire Maryland congressional delegation. SSA is a sensitive item for the Marylanders—the agency's headquarters is located in Baltimore.

Among those present were Senators David Pryor of Arkansas, Paul Sarbanes and Charles Mathias of Maryland, Rep. Edward Roybal, chairman of the House Select Committee on Aging, and Reps. Steny Hoyer and Barbara Mikulski, both of Maryland.

Participants used the event to promote a bill—introduced in the House two days before the press conference—that would make SSA an independent agency headed by a career executive and overseen by a three-member, bi-partisan board.

Pryor, sponsor of a similar Senate measure, said an autonomous SSA with power over its own budget would "restore confidence to the system by insulating it from political and budgetary whims of changing administrations."

As evidence of Reagan administration attempts to tamper with SSA, several participants cited recent rumors that the White House is considering replacing acting commissioner Martha McSteen, a 30-year career veteran of the agency.

The job reportedly will go to Dorcas Hardy, the current head of Health and Human Services's office of human development services and a long-time Reagan loyalist.

Stephen Bauer, president of the National Council of Social Security Management Associations Inc., warned that personnel reductions on the scale planned by SSA would significantly increase errors in judging claims and awarding benefits.

"Staff cuts such as those proposed would shatter the fragile balance that enables the SSA to effectively provide service to the millions of elderly and disabled who depend on us," said Bauer.

If the cuts cause even a slight drop in the agency's current payment accuracy rate of 99.6 percent, he warned, it could eliminate most if not all of the savings projected by SSA.

According to Bauer, a 99 percent accuracy rate would increase overpayments by nearly $1 billion a year, almost 40 percent of the total amount spent to administer all of the agency's programs last year.

Another controversial item on SSA's agenda is a drive to phase out as many as 200 of SSA's 1370 field offices around the country. Pryor warned this would impose great hardships on clients in rural areas, forcing them to drive long distances to obtain information about their benefits.

"Elimination of field offices could double the distance which must be covered by these elderly citizens," said Pryor.

Some of the charges aired at the press conference are at least partially supported by an internal agency memo obtained by Federal Times.

The memo, which outlines the agency's five-year "streamlining" plan, warns that the cuts will cause problems with service delivery, productivity and employee moral.

According to the memo, shutting the field offices will eliminate 2000 jobs, beginning next fiscal year. Other positions will be phased out through automation and contracting out. The agency also plans to cut the number of administrative staff—employees not directly involved in the claims process—by 15 percent.

"We will accomplish the reduction . . . by means of an almost total freeze on the filling of vacancies in these positions until we have reached . . . reductional goal," the memo states.

The claims review and authorization process will also undergo major changes due to automation and procedural shifts.

According to the memo, these targeted cuts can be achieved without terminating any employees. But, it warns, avoiding reductions-in-force will require a complex shuffle of employees between jobs and locations.

"The movement . . . will require many forced placements," it states. "The vacancies will exist in over 1,300 different geographic sites, and matching people with openings will mean physical relocation of personnel with attendant costs and adverse labor relations impacts."

"The morale and productivity of any employee forced to change jobs will be low."

The memo also predicts the staff reductions will "mean some diminutation in the ability to oversee, track and anticipate operational problems in the agency."

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[From the Boston Globe, Mar. 2, 1985]

CUTBACKS WEIGHED IN SOCIAL SECURITY OFFICES, MEMOS SHOW

(By Adam Pertman)

WASHINGTON.—The Department of Health and Human Services is considering the possibility of closing or downgrading hundreds of Social Security offices nationwide, according to internal HHS documents.

An HHS spokesman said yesterday that no such action was planned but acknowledged that information is being gathered on offices with fewer than 25 employees: 770 of the 1340 Social Security offices, including 15 in Massachusetts, fall into the category.

A bipartisan group of House members, led by Edward R. Roybal (R-Calif.), yesterday sent a letter to the General Accounting Offce asking for an analysis by March 18 of both the impact of any potential closings and of the President's current budget request for a 21 percent cut in Social Security administrative staff by 1980.

An HHS spokesman, Jim Brown, said last night that reports of any imminent closings or downgradings were "absolute nonsense" and that the information being gathered was part of an effort to make operations more efficient. He also said that

the planned cut in staff will come exclusively by attrition and that a $478 million, five-year computer modernization program will ensure that "no matter what we do, service will be as good as it is now, if not better."

An internal Social Security Administration memorandum provided to The Globe yesterday asks the agency's regional commissioners to comment on criteria for determining which field offices could be closed or downgraded. Brown said yesterday that comment has begun to arrive in response and that the process of deciding which offices were needed would take five years. He acknowledged some offices could be closed or downgraded earlier if conditions warranted.

The Senate Committee on Aging yesterday issued a list of which offices it said could be affected: those with fewer than 15 employees were deemed "most likely to close," and those with 16 to 25 came under the heading of "may be downgraded or closed."

There were six Massachusetts offices among the 388 in the first category: Brookline. Falmouth, Gardner, Greenfield, North Adams and Taunton. The nine in the second were Attleboro, Fitchburg, Hanover, Haverhill, Hyannis, Norwood, Pittsfield, Roslindale and Waltham.

In their letter to the GAO, the House members headed by Roybal, who is chairman of the Committee on Aging and of the Appropriations subcommittee on retirement income and employment, pointed out that since 1981, 20 Social Security offices nationwide have been closed and 39 others downgraded.

In addition, the letter refers to Administration budget documents projecting a savings of $535 million over the next three years by reducing the number of Social Security administrative personnel by 1913 this fiscal year, 1699 in fiscal 1966 and 2495 in fiscal year 1987.

In a press release yesterday, Roybal said he "would not be surprised to see the Administration use the administrative problems these cuts create as an excuse to dismantle the (Social Security) program and turn it over to private enterprise, who they will claim can run it move efficiently."

HHS Secretary Margaret Heckler, who was questioned by the House appropriations subcommittee on Labor, HHS and Education Thursday about possible office closings, said yesterday that Roybal, who is a member of that panel, had "completely misunderstood my assurances to him" at the hearing.

"Let me say it again," she continued in a written statement issued by her office. "We are planning no massive assault on existing Social Security offices across the country.

"We are putting into place a discipline process that calls for an ongoing, long-range review of all of our field facilities so that we can determine whether the organizational structure that has been in place for decades makes sense in today's environment." She listed population shifts, demographic changes and technological improvements as possible reasons for considering the closing or downgrading of offices.

Alan Johnston, staff director for Roybal's Appropriations subcommittee on retirement income and employment, said in a telephone interview that the elderly in areas near large metropolitan areas probably would only be inconvenienced by office closings, but that those in rural or secluded areas "are going to get killed."

Johnston said the reason some House members dealing with Social Security are concerned about the proposed budget cuts and the study of field offices is that "these are the same people who brought you the disability review process." Thousands of persons were denied disability payments under that procedure, which was overturned in court last year.

The Department of Health and Human Service is considering the possibility of closing or downgrading hundreds of Social Security offices, according to internal department docments.

A department spokesman said yesterday that no such action was planned but acknowledged that information is being gathered on offices with fewer than 25 employees.

CUTS IN STAFF, OFFICES OF SOCIAL SECURITY?

(By Steve Tetrault)

WASHINGTON.—A group of lawmakers called for a congressional inquiry Friday into a plan reportedly being considered by the Reagan administration to close or cut back staff in more than half of the nation's Social Security Administration field offices.

Among offices that could be closed or downgraded are those in Vallejo, Napa and Fairfield, according to one of the lawmakers, Rep. Vic Fazio, D-Solano.

Fifty-three California offices were identified by the congressmen as possible targets.

Nationwide, 770 of 1340 field offices would be affected, they said.

Fazio joined Reps. Edward Roybal, D-Calif., Thomas Tauke, R-Iowa, and Matthew Rinaldo, R-N.J., in requesting an inquiry by the General Accounting Office, the investigative arm of Congress. The office was asked to respond by March 18.

But Margaret Heckler, the secretary of Health and Human Resources, which oversees Social Security, insists there is "no massive assault on existing Social Security offices across the country.

"We are putting into place a disciplined process that calls for an on-going, long range review of all our field facilities," Heckler says in a memo released Friday to Social Security offices. "If the status quo best serves the people, we will retain it," Heckler's memo reads, "but where population shifts, demographic changes and technological improvements warrant change, we will make change.

"No ax is about to fall. Our review will take several years."

According to Fazio aide Roger Gwinn, the Social Security Administration offices said to be targeted were not outlined in the documents.

Rather, he said, the list was compiled by congressional staff using general criteria in the documents. The Social Security Administration had considered factors such as number of employees in each office, the distance of an office from other offices, and the amount of business conducted in each office, in proposing staff reductions, he said.

Fazio, in a prepared statement, pointed to the cutback plan as an example of President Reagan reneging on his campaign promise not to reduce Social Security.

"A cut in service is just as bad, sometimes worse, that a cut in funding," he said.

"For rural residents, these cuts will mean long drives to an from Social Security offices. For the urban recipients, such a proposal will mean longer waiting times," he said.

Fazio also said that staff reductions increase the margin of error on disposition of Social Security, and could potentially wipe out any savings from the cutbacks.

[From the News American, Feb. 1, 1985]

Social Security Staff Cuts Slammed

WASHINGTON.—The administration's reported plans to reduce Social Security staff by as much as 25 percent would slow service, shut district offices and amount to a back-door benefits cut, Democratic members of Congress charged Thursday.

The Democrats—Sens. Paul Sarbanes of Maryland and David Pryor of Arkansas, and Reps. Barbara Mikulski of Maryland and Edward Roybal of California—called a news conference to protest reports the president's budget will propose cutting 17,000–19,000 Social Security jobs, a 20–25 percent reduction.

"It's a half-baked proposition at the outset," Sarbanes said. "It's designed as an indirect way of cutting benefits and has to be exposed for what it is."

Sarbanes said Social Security would have no choice but to "significantly reduce" the number of district offices nationwide if staff is cut. The result would be poor service and a worsening of the agency's public image, he said.

"This is a crippling proposal to the Social Security not to cut Social Security benefits, Pryor said, but "what he's not saying is: 'I'm going to cut your services right out from under you.' "

Administration officials reportedly argue that the agency's computer modernization will make some jobs redundant. But Mikulski said, "People who are in need cannot talk to a computer. This is America's heart and soul."

Claire del Real, a spokesman for the Health and Human Services Department, said she could not comment on the president's budget before it is released Monday.

"But the department is already on record as asking the Social Security Administration to review the impact of computer modernization on staffing levels," she said. "The review assumes any reduction would come about through attrition and without any loss in the quality of service SSA provides to the public."

The Democrats said the proposed cut is all the more reason to support a bill introduced Wednesday to insulate the old-age program from politics by making Social Security an agency independent of the Health and Human Services Department, which now runs it.

Del Real said HHS Secretary Margaret Heckler opposes that proposal.

LOCATION OF DOOM?

So many businesses have failed at 225 E. State St. that the joke going around Fremont was that when the local Social Security office moved there it would mean the end of the federal program.

Well, it wasn't a joke.

Based on a leaked internal Health and Human Services Department memo in Washington, the House Aging Committee has released a list of 770 local Social Security offices the Reagan administration proposes to downgrade or close—and it includes the Fremont office.

The local office had just completed moving to its new location on Wednesday.

The memo lists 18 offices in Ohio to be closed, including Fremont, and 19 to be considered for closing.

The closings are the result of 1986 budget proposals pushed by the Reagan administration, which seeks to cut the Social Security Administration staff by 17,006 employees in five years. There are 1,340 Social Security offices nationwide.

The internal memo states that all offices with staffs of 10 or less should be closed, or consolidated with others. Offices of between 11 to 16 people should be considered for closing and offices with staffs of between 16 and 25 people that are located within 25 miles from another facility should be reviewed for possible consolidation.

The memo says that in metropolitan and suburban areas travel times to facilities should not exceed an hour and in rural areas: "facilities should be located in major trade centers in the demographic centers of their service areas."

Robert Wood, manager of the Freemont office, said the local staff numbered 11. He declined to comment on the proposed closings last night.

The new office is in a building being leased from Fremont developers Dick Smith and Dan Slack. The building had been the site of at least four restaurants, the last being Godfather's Pizza.

The move was necessitated because the old office, which also had been owned by Smith and Slack, had been sold.

Under the formula, some centers in all but three states—Delaware, Nevada and Vermont—would definitely be closed and offices in every state would be considered for closing.

The release of the list—and the closing of about 20 local offices since 1981—has prompted four key House members to ask the General Accounting Office to investigate the impact on Social Security beneficiaries.

The administration does not need the nod of Congress to carry out the plan but Congress can stipulate—and legislation is being drafted—that none of the department's operating budget be spent to close offices.

"It is outrageous that such a plan would not even take into consideration the fact that seniors would be forced to travel to other communities to resolve their Social Security problems," said Rep. Edward Roybal, D-Calif., chairman of the House Aging Committee. "It is absolutely vital to provide a local office which is staffed with someone with whom seniors can discuss their problems. The fact that such a plan has apparently been drafted and is now being circulated indicates a willingness and desire to eliminate those offices."

"The administration's new budget already would result in a 21.3 percent cut in Social Security staff by 1990 even though the Social Security Administration spends less than 1.5 percent of its outlays on administrative expenses," Roybal said.

"I cannot help but speculate that the only motivation for these shortsighted administrative cuts is to cripple SSA'? ability to do its job. It would not surprise me to hear the administration use the administrative problems these cuts create as an excuse to dismantle the program and turn it over to private enterprise who, they will claim, can run it more efficiently."

[From The Plain Dealer, Feb. 17, 1985]

METZENBAUM ASKS STUDY FOR ELDERLY

WASHINGTON.—Citing "numerous complaints" from senior citizens, Sen. Howard M. Metzenbaum, D-O., has asked the Government Accounting Office to investigate the quality of service provided Medicare and Social Security beneficiaries in Ohio.

Metzenbaum also asked the office to assess the impact in Ohio of the Reagan administration's proposal to eliminate 17,000 employees in the Social Security Administration over the next five years.

In a letter to Comptroller General Charles A. Bowsher, Metzenbaum said old people and disabled people wait months to receive checks they are entitled to and have a hard time getting through on toll-free information lines.

With the number of recipients increasing each year, the 21% staff reduction can only make things worse, Metzenbaum said.

"The administration's claim that automation will pick up the slack is absurd," Metzenbaum said "A Social Security systems specialist has indicated that automation could reduce the need for data entry personnel by less than 3,000 persons—a far cry from the 17,000 reduction proposed."

An analysis by the House Select Committee on Aging says the proposed cut of 17,000 employees would result in the closing of up to 281 field offices across the country.

Such a cut would cost more than it saves because "an enormous reduction in staff will certainly increase the overpayment error rate, and every percentage point increase will cost the taxpayers more than $1.8 billion," the study says.

An increase in the overpayment rate of only 0.2% would wipe out the entire administrative savings, the study says.

"In order to achieve a 21% reduction of staff by 1990, over 3,600 employees will be cut in 1985 and 1986, and over 13,000 employees between 1987 and 1990," the study says. "Reductions such as these, when the number of beneficiaries will increase by 11% (from 36 million in 1985 to 40 million by 1990) are irrational and unjustified."

[From the Daily News, Mar. 6, 1985]

SS "Hit List"

The Social Security Administration's "hit list" of offices targeted for closing or downgrading includes 10 in the city and 23 in the state, according to a draft plan obtained by Rep. Mario Biaggi (D-Bronx), a foe of the budget-cutting proposal.

Here are the offices in the city that might be affected:

Bronx: Hunts Point, 953 Southern Blvd.

Queens: Astoria, 21-77 31st St.; Long Island City, 24-16 Bridge Plaza South.

Brooklyn: Bedford-Stuyvesant, 1360 Fulton St.; Bushwick, 790 Broadway; Kings Plaza, 4113 Ave. U.

Manhattan: Chinatown, 231 Grand St.; Lenox Hill, 133 E. 58th St.; Murray Hill, 475 Third Ave.

Staten Island: New Dorp, 2626 Hylan Blvd.

Social Security officials say some offices are not needed because others are nearby. But Biaggi says the changes would "impose tremendous hardship on thousands of senior citizens" and predicted Congress would forestall most cutbacks.

[From the West County Times, Feb. 28, 1985]

Richmond Center Closure Is Social Security Plan

(By Nilda Rego)

The Social Security Administration plans to lose field offices throughout the country including its Richmond data center and 11 others in the Bay Area, according to a local labor leader.

Gayla Reiter, president of San Francisco-base Local 3172 of the American Federation of Government Employees, said an internal memorandum lent to regional offices calls for closing or consolidating half of the field offices in the country.

"This looks like a massive dismantlement," he said.

Fairfield is on the list of offices targeted for closure, said Reiter, but she refused to give further details because it could jeopardize her imformants' jobs.

Other sources who wished to remain anonymous said the Richmond data center is also targeted for closure.

Bob Fouts, speaking for the San Francisco Regional Social Security Office said, "There are no plans to close any office. . . . This is an internal study. We study our facilities periodically to make sure they are in the right place at the right time."

The internal study is being done to figure out how to improve service in a "cost-effective way," he said.

According to Reiter's interpretation of the memo all offices with 15 employees or less will be closed and all metropolitan offices within 25 miles of another office will be consolidated.

Reiter is in Washington this week discussing the proposal, which also calls for the previously announced elimination of 19,000 Social Security jobs by 1990 at the rate of 3,000 to 4,000 a year.

Fouts said since Contra Costa is a growing county, it would be highly unlikely than any offices would close here.

Reiter's charge that 12 offices would close in the Bay Area was "highly speculative," he added. Fouts said even the plan to eliminate jobs, (he put the figure at 17,000) would not lead to any firings.

Rep. George Miller, D-Martinez, said that before Social Security makes any decision to reduce personnel, "I want to see hard evidence, not pie-in-the-sky predictions they can serve seniors on a responsible and timely basis."

"All too often predictions of more efficient service' turn into greater foul-ups. We've had two very disturbing examples; the delays in getting replacement checks to Antioch senior citizens, and the $3 billion in Social Security underpayments I uncovered last year," he said.

While the Social Security Administration is denying that offices will close, a congressman's aide said some of the closures have already happened.

"They closed the Woodland office in our district," said Sandra Stewart, administrative assistant to Rep. Vic Fazio, D-Sacramento.

The internal memo itself names one district office and 17 branch offices that have closed since 1981.

"There seems to be every indication that they will proceed with more consolidation," said Stewart.

She said it appears from the memo that the number of offices to be closed ranges from a low fo 291 to a high of 800.

"Even at the lower number, the cut would wreak havoc as far as the service. Were it to go anywhere, near the high end, it would be horrendous," she said.

"They claim it isn't going to hurt Social Security recipients. But the criteria that has been bandied about shows that in some instances there will be no offices within 200 miles," she said.

BG Social Security Office Closing Now Only a Rumor

Rumors that the Social Security office in Bowling Green is among 18 in Ohio to be closed appear premature.

A spokesman for Rep. Delbert Latta's, R-Bowling Green, office in Washington, D.C., said this morning that the local office is one of 700 with under 25 employees that will be evaluated. When review of the under 25 employee offices is completed, offices with 25 to 50 employees will be evaluated, the spokesman stated.

Eventually all offices are to be reviewed with the possibilities being enlargement, closing, consolidation or changes in the scope of services offered.

Lloyd Borer, manager of the Bowling Green office, said he was aware of the rumors but could not provide additional information.

Bowling Green has had a Social Security office since April 1973. It was originally located in the Stadium Plaza Shopping Center and moved to the federal building on South Main Street in December 1974.

Borer said the office has 12 employees, including three-part-time.

If the Bowling Green office is closed, persons wanting to visit a Social Security office would have to go to the federal building in downtown Toledo or to Findlay.

Scripps-Howard Newspapers reported today that documents in the Social Security Administration indicate the 18 offices would be closed if Reagan administration personnel cutbacks are enacted.

In addition to Bowling Green, offices in Ashtabula, Athens, Cambridge, Cleveland-Northwest, Columbus-West, Dayton-West, East Liverpool, Fremont, Gallipolis, Ironton, Lancaster, Marietta, Medina, New Philadelphia, Ravenna, Wooster and Xenia are reported on the list.

Health and Human Services Secretary Margaret Heckler confirmed to the House Budget committee that her agency is drawing up a list of offices that could be closed as the agency's payroll is reduced by 17,000 employees.

But she said the internal documents indicating which Social Security offices are on the list are premature.

"Draft documents do not indicate a policy . . . They may or may not be implemented later," she said.

Latta's office said Mrs. Heckler had told them the review process would take at least two years.

Rep. Vic Fazio, D-Calif., told Heckler he has asked for a congressional investigation of the plans and said any savings achieved by closing local offices or reducing personnel will be offset by additional costs processing protests from Social Security recipients who will see their checks delayed or mishandled.

"How many times during last year's election did we hear the president promise us that he would not cut Social Security," Fazio said. "A cut in service is just as bad-or worse-than a cut in funding."

However, Heckler insisted there won't be any loss of services for Social Security recipients because the agency will be using a nationwide computer network to process claims.

DRASTIC SOCIAL SECURITY STAFF CUTS DUE

(By Lynn Kidder)

RICHMOND.—A local union offical representing Social Security Administration employees warned Thursday of "definite, drastic" staff cuts in store at the six-story Western Program Service Center here.

Up to 21 percent, or 359, of 1,700 positions at the Social Security Administration center on Nevin Avenue may be eliminated in the next five years, said Clyde Hailey, president of Local 1122 of the American Federation of Government Employees.

"They (staff cuts) are very likely to take effect," Halley said.

His prediction is based as a Nov. 11 memo by Martha McSteen, commissioner of the Social Security Administration.

This document describes staff reductions in the six service centers nationwide, including Richmond, as well as cutbacks in other Social Security Administration operations.

Any layoffs in the Richmond center would hurt the local job market. Hailey estimated that one of three workers here come from Contra Costa County or Vallejo.

However, Hailey discounted a press account that the Richmond service center could be shut down.

When McSteen met with union leaders last summer, she guaranteed that all service centers would remain open, Hailey recalled.

The red-brick program service center on Nevin Avenue processes claims for 5 million Social Security beneficiaries in 13 western states. Files on all claims are also stored here.

Trevor Evans-Young, director of the Richmond service center, said he did not have information on possible cutbacks.

McSteen's memo calls for a 10 percent reduction in service center staffing by 1990, Hailey said. That equals 170 positions in the Richmond service center.

Hailey described other ways McSteen's plan would affect the local office, including:

Contracting computer work to outside companies, which would mean elimination of some 30 positions.

Dropping a fourth of secretarial and support staff positions, which is about 38 jobs here.

Reducing the number of claims authorizers by a third to a half, which would mean the loss of 53 to 80 positions.

Reclassifying 2.4 percent of the jobs nationally, which equates to 41 positions here.

Extensive staff reductions will mean that Social Security recipients will have to wait longer to receive benefits, Hailey predicted.

There is already a backlog of claims waiting to be processed, he said. The Richmond office now is shorthanded, especially in record analysis (file) clerk positions and benefit authorizers (staff who compute benefits).

The threatened reshuffling has demoralized workers, Hailey said. In December, nine employees resigned. This is triple the number of, a typical month.

"All the bright people are leaving for better jobs. The mediocre are left behind," said Hailey.

"You'll have more headaches with the quality of work and production rate than ever before," he warned.

In addition to the service center, the Social Security Administration operates two district, or branch, offices in west county. The Richmond field office is 1333 Macdonald Ave., and the San Pablo office at 2101 Van Ness St.

Hailey said the Social Security Administration plans to close 200 branch offices nationwide. Other estimates go as high as 800.

But Hailey did not know whether the west county branch offices would be affected.

[From the Milwaukee Journal, Mar. 8, 1985]

Social Security To Cut Offices, Memo Says

(By Mildred Freese)

An internal memo being circulated among Social Security managers indicates that field offices in Southeastern Wisconsin could be severely reduced in number.

The field offices are the first contact for those who receive Social Security benefits. The changes are part of a nationwide reduction of Social Security employes in a budget-cutting move.

Social Security managers here speculate that the Mitchell St. office with 17 full-time employees might be consolidated with another of the smaller offices in Milwaukee County and that the Racine and Kenosha offices might be consolidated.

The internal memo is being circulated here by members of a professional Social Security managers' association.

The memo says:

Offices "with staffs of 10 or less should be consolidated, closed or converted unless other considerations are overriding," offices "with a staff size of 11-16 should be reviewed for conversion, consolidation or closing" and offices with a staff size of 16-25 that are located within 25 miles from another full-service facility should be reviewed for possible consolidation, conversion, etc."

There are 13 offices in Southeastern Wisconsin with a total of 25 employes, plus part-time workers whose hourly total is the equivalent of 35 workers working a 40-hour week—or an average of about 20 full-time persons. There are 15 other offices in the state.

The smallest Milwaukee office is at S. 13th and Mitchell Sts. There are three offices in the Reuss Federal Plaza. The field office has 20 employes. The Teleservice Center, a telephone information center, has 20 full-time workers. The area director's office has four employes. The Milwaukee Vliet St. office has 23 full-time workers.

The smallest offices in the area are at West Bend, with 10 full-time employes, Manitowoc with 9, and Sheboygan with 12.

Kenosha has 20 full-time employes and Racine has 22. The cities are about 10 miles apart.

While not a field office, the nine-person office of quality assurance in Milwaukee will be closed soon and the work sent to the Chicago office, office manager Harriett Barrett said. A specific date has not been set, she said, but there will not be enough jobs in Chicago for all the workers. The office's duty is to make sure the Social Security program is being administered in a cost-effective manner.

[From the Pacific Tribune, Feb. 20, 1985]

Pacificans Tell Lantos About Doubts and Fears Over Budget

(By Neil Boyle)

Among those who testified before Congressman Tom Lantos at the Peninsula Federal Budget Hearing in Millbrae last week were Pacificans Lucy Muir and Gayla Reiter.

Muir, 175 Lakeside Ave., speaking as the executive director of the Center for Independence of the Disabled, drew sereral bursts of applause from spectators in the Millbrae City Council Chambers for her impassioned plea on behalf of the disabled in San Mateo County.

Muir said the proposed termination of general revenue sharing funds to state and local governments was "extremely distressing" to all disabled persons who already knew more than their share of "suffering and deprivation."

Muir, a longtime local activist for the handicapped and minority groups, sharply denounced Administration plans that would force them "to turn to welfare for all their needs." The Center for Independence of the Disabled has 22 programs in California that provide guidance, consultation and personal help to the disabled—all of which is threatened, she added.

Following her presentation, Lantos promised to "personally deliver" her testimony to "the President at the White House." Again there was applause.

Also testifying was Gayla Reiter, 501 Lynbrook Drive, on behalf of the American Federation of Government Employees, which includes postal workers and employees at Veterans' Administration hospitals. Under the proposed budget, they are part of an immediate cut in staffing for service agencies totaling 35,000 employees.

Reiter, a federal employee for nearly 18 years, said the proposed budget was "scandalous" and that it would directly affect many Pacificans. She said the budget was far from an earnest effort to balance the budget and eliminate the deficit, and that it was "a carefully drawn plan to redistribute spending from domestic to military programs.

"President Reagan's budget is a rather obvious attempt to dismantle the Civil Service System," she said, "Those of us who survived his (Reagan's) term as governor of California, well remember one of his simplistic themes—that people in mental institutions were there because they were lazy and didn't want to work. His equally simplistic solution was to close many of the state mental hospitals, literally dumping chronically ill patients on the streets.

She said his 1986 budget was equally simplistic, but rather than actually saving money, the government was going to spend more.

Reiter praised Lantos as an "extremely responsive congressman," and said she would carry her message to Washington D.C. next week for back-to-back meetings with legislators.

Social Security May Close Offices

WASHINGTON.—More than half the nation's Social Security field offices—the first line of contact for most benefit recipients--could be closed under a proposal the government is quietly circulating, said Rep. Edward Roybal, D-Los Angeles.

"I have now learned that the administration is circulating a plan which would close Social Security offices with staffs of less than 15 and would possibly shut down those offices with staffs of less than 25 workers," Roybal said in a news release yesterday.

That action could mean more than half the 1,340 offices could be closed, he said.

But Social Security Administration spokesman Jim Brown said the agency is not planning to close a specific number of facilities.

A memorandum outlining the plan is being sent out to regional offices for comment by the end of March, Brown said. At that time, review of all field offices will begin.

"We'll look at all the offices we have," he said. "As an example, there's an office in Colorado with less than five people in it. Would you close that office? No way. Because the next nearest office is 125 miles away and you would have to go through two ranges of the Rockies to get there. So you're not going to close that office."

The field offices are where most Social Security recipients first come into contact with the agency to apply for benefits or ask for changes.

Roybal said he asked Health and Human Services Secretary Margaret Heckler at a hearing about the memo and she "agreed a number of Social Security field offices would be closed but was not yet able to provide specific numbers."

The internal memo, released by Roybal, calls identification of field offices to be "reviewed on a priority basis."

Offices "with staffs of 10 or less should be consolidated, closed or converted, unless other considerations are overriding," offices "with a staff size of 11-16 should be reviewed for conversion, consolidation or closing" and offices with a staff of 16-25 that are located within 25 miles from another full service facility should be reviewed for possible consolidation, conversion, etc."

Social Security Alarmed by Budget-cut Reports

WASHINGTON.—The Social Security Administration will not be able to do its job if the administration goes through with reported plans to cut its staff by some 20 percent, agency officials and lawmakers say.

"It is reported that the administration intends to cut 17,000 career staff positions from the Social Security Administration even though SSA spends less than 2 percent of its total outlays on administrative costs," Rep. Edward Roybal, D-Los Angeles, chairman of the House Select Committee on Aging, told a press conference yesterday.

"If there were a 20 percent reduction in staff which resulted in a 20 percent reduction in Social Security offices, then 277 offices would be closed around the country," Roybal said.

"And if a 20 percent reduction in staff results in just a 2 percent increase in the overpayment rate, there would be a $3.75 billion increase in overpayments in 1986 alone," he added. "That's 150 percent of the total amount spent to administer all of the Social Security programs last year."

Sen. Paul Sarbanes, D-Md., charged that though President Reagan has promised not to cut Social Security benefits, staff cuts are "an indirect way to cut benefits and pick up money for their deficit problem."

Sarbanes said "the justification being cited by the administration most prominently, namely computer modernization, is utterly unconvincing."

Stephen Bauer, president of the National Council Social Security Management Associations, Inc., told the news conference, "staff cuts such as those proposed would shatter the fragile balance that enables the Social Security Administration to effectively provide service to the millions of elderly and disabled who depend on us. Even with the present number of offices, many people are forced to drive long distances and waste large amounts of time waiting to be served."

Bauer said the council is an organization of the managers and supervisors of the 1,300 Social Security offices around the country.

Claire del Real, a spokeswoman for the Department of Health and Human Services, which includes SSA, said she could not comment on the president's budget proposals.

EMPLOYEES ARE "SCARED," UNION SAYS

(By Robert A. Erlandson)

Workers at Social Security headquarters in Woodlawn are "scared to death" of the impact that the agency's nearly $500 million computer-modernization program will have on them, the head of the employees' union said yesterday.

John Gage, president of Local 1923 of the AFL-CIO's American Federation of Government Employees (AFGE), said that under the program at least 5,400 jobs would disappear.

He called the Reagan administration's decision to reduce Social Security staff nationwide by as many as 19,000 employees "political."

"The systems modernization was not intended as a political thing just to cut staff," Mr. Gage said.

He said the AFGE planned to ask Senator Charles McC. Mathias, Jr. (R. Md.), chairman of the Senate Subcommittee on Governmental Efficiency, and Representative Jack Brooks (D. Texas), head of the House Government Operations Committee, to hold public hearings on the computer-modernization program.

James M. Brown, chief spokesman for the Social Security Administration, said that the staff reduction was a budget projection. He said no decisions had been made about where the jobs would be lost, except that they would be in Social Security offices across the country.

Mr. Gage said that 2,000 of the expendable jobs would be lost among the 1,300 Social Security district offices around the country, according to an impact statement the Social Security Administration made available to the union.

The union official said negotiations between SSA and the American Federation of Government Employees have grown tense because the administration has asked the union to waive its rights to bargaining on each phase of implementing the new system so the entire installation could be facilitated, with bargaining to follow.

But because the union is wary of the eventual effect of the new system on Social Security employees, the president of Local 1923 said, the AFGE is moving ahead slowly.

"We're not trying to stop modernization," Mr. Gage said. "We've been working with outdated equipment for years."

He said his organization represents about 6,000 of the eligible 14,000 Social Security employees in the Baltimore area.

Mr. Gage said the expected loss includes 500 jobs at the 4,000-employee Metro West office in Baltimore and about 170 computer-operator and tape-librarian jobs at the central office in Woodlawn.

The computer operators and librarians will be especially difficult to retrain, the union official said, because the new jobs that will come with the upgraded computer

system will be high-tech positions for which the employees may not be able to qualify.

Mr. Gage said that clerical and record-maintenance positions will be hit first by the staff streamlining. He said he expects many SSA employees to decide to retire in the face of the massive changes.

Social Security Plans To Reduce Work Force 20%

(By Stephen E. Nordlinger)

WASHINGTON.—The Reagan administration is planning to reduce the work force of the Social Security Administration by more than 20 percent in the next 5 years as a modern computer system becomes fully installed.

Administration officials said the cutbacks would result from attrition or job transfers rather than layoffs. They would affect the headquarters in Woodlawn as well as the network of Social Security offices nationwide. But officials said they did not know how the cutbacks would be apportioned between the headquarters and the various regional offices.

A reduction ranging from 17,000 to 19,000 is expected in the national staff of 75,000, which has a total annual payroll of about $2 billion. There are 14,000 employed at Woodlawn and the Metro West headquarters branch downtown. Others are employed at several district offices.

About $478 million is being spent to upgrade the computer system, which is one of the largest data processing operations in the world.

Meanwhile, the Associated Press reported that Dorcas R. Hardy, an assistant secretary in the Department of Health and Human Services with longtime ties to President Reagan, is being considered by the White House to become the new Social Security commissioner.

Ms. Hardy, 38, who served as assistant secretary of the California Health Department when Mr. Reagan was governor, would succeed Martha A. McSteen, a career civil servant who has been acting commissioner for the last 16 months.

Health and Human Services Secretary Margaret M. Hecker reportedly has favored naming Mrs. McSteen the permanent commissioner, but the White House appears to be leaning toward Ms. Hardy, who since 1981 has been in charge of the Office of Human Development at HHS.

Until the mid-1970s, Social Security commissioners were chosen from the agency's ranks. But since then, political appointees have been chosen.

John A. Svahn, the former commissioner who initiated the modernized computer system and who now is domestic policy adviser to the president, said in an interview that a staff reduction had been expected when the revamped system was contemplated in 1981.

"Social Security has been planning eventually for this kind of thing," he said. "You won't have to carry as many pieces of paper anymore."

Parts of the computer system linking the headquarters with regional offices already have been installed. According to Mr. Svahn, "service has improved markedly over the past three years."

James M. Brown, a Social Security spokesman, said the time for a beneficiary to receive his initial monthly payment after making an application has been reduced generally to about 10 days from three to six weeks. An estimate of a benefit level can be obtained by a future beneficiary in about two weeks rather than a month, Mr. Brown said.

The Social Security Administration provides old age, survivors and disability payments to 36 million beneficiaries a month, totaling about $14 billion. It also maintains the records of more than 300 million Social Security card-holders. There are about 4 million new beneficiaries added to the rolls each year.

Four years ago Mr. Svahn, in proposing that a modern computer system be installed, described the agency's system at that time as "one of the largest collections of antiques in existence." The system had been considered up-to-date in the 1960s but fell behind in meeting the rising demand for service.

A report by the House Committee on Government Operations two years ago said that the system had failed to record $69 billion in worker earnings and that "excessive delays" occurred in issuing new Social Security numbers and processing claims.

S.F. Hearing on Budget Really Packs Them In

(By Gary E. Swan)

All of Northern California was invited to attend the first meeting of the House Budget Committee in San Francisco yesterday.

When it came time to talk, however, only 50 people could fit in the room.

Senior citizens, disabled people, veterans, farmers and representatives of other interest groups jammed a small hearing room at the Federal Building to urge members of the powerful committee to roll back the proposed cuts in the Reagan budget that would affect them.

A few private economists and a member of the Hoover Institution rose to applaud the Reagan budget cuts, squeezing past a large California press corps to get to the microphone.

The hearing was the fourth of six the Budget Committee is holding outside Washington. Among the nine committee members present were Barbara Boxer, D-San Francisco/Marin, George Miller, D-Contra Costa, and Tom Lantos, D-San Mateo.

This was one of the first such hearings outside the capital to which the public has been invited, and someone apparently did not realize how big a draw it would be.

Fifty chairs in the conference room filled quickly as the meeting began, and people lined the sides of the room until it got so hot they had to leave.

The list of speakers filled equally fast. Many sounded the same not, complaining that it is getting harder to make ends meet.

Mark Romer, a fireman from Marin County, told the committee that his father and grandfather both owned homes in the county but that he cannot afford to buy a house on his $24,000-a-year salary.

"I am the basic blue-collar worker, and I can't afford housing," said Romer, adding that high interest rates have made borrowing difficult and high rents have made it impossible to save a downpayment for a house.

Other speakers warned that cutbacks in cost-of-living allowances for retired federal workers or those on Social Security could mean more people just barely getting by.

"Every year there's a certain amount of us that fall below the poverty level," said Charlie Van Housen of the National Association of Retired Federal Employees. "We feel we've done our share."

Cities would share with individuals in the misery of President Reagan's proposed budget, said Richard M. Butrick of the County Supervisors Association of California. "The underlying—but false—assumption of the proposed federal budget's that the states each have generous surpluses," said Butrick. "In California, for example, there is no surplus but rather only a billion-dollar emergency reserve.

Industrialist J. Peter Grace, who headed the President's Private Sector Survey on Cost Control, also supported efforts to trim the federal budget substantially. "He warned against the danger of uncontrolled deficits.

"Right now we're robbing piggy banks, we're engaging in intergenerational rape. And when our kids grow up and realize, what we've done to them, the question is will they ever forgive us?" Grace told the committee.

Another voice for budget cuts was that of Thomas G. Moore of the Hoover Institute at Stanford University. "My only regret," Moore said of Reagan's budget, "is that it does not cut widely enough or deeply enough."

Moore said he saw federal money going to waste in California. With a thriving Sunbelt economy, "I find it hard to justify California receiving any development aid, said Moore.

[From the Contra Costa Times, Feb. 28, 1985]

Closure of Many Social Security Offices Predicted

(By Nilda Rego)

The Social Security Administration plans to close field offices throughout the country including 11 in the Bay Area, according to a local labor leader.

Gayla Reiter, president of San Francisco based Local 3172 of the American Federation of Government Employees, said an internal memorandum sent to regional offices calls for closing or consolidating half the field offices in the country.

"This looks like a massive dismantlement," she said this week.

Fairchild is on the list of offices targeted for closure, said Reiter, but she refused to give further details because it could jeopardize her informants' jobs.

Bob Fouts, speaking for the San Francisco Regional Social Security Office said, "There are no plans to close any offices . . . This is an internal study. We study our facilities periodically to make sure they are in the right place at the right time."

The internal study is being done to figure out how to improve service in a "cost-effective way," he said.

According to Reiter's interpretation of the memo, all offices with 15 employees or less will be closed and all metropolitan offices within 25 miles of another office will be consolidated.

Reiter is in Washington, D.C., this week discussing the proposal, which also calls for the previously announced elimination of 19,000 Social Security jobs by 1990 at the rate of 3,000 to 4,000 a year.

Fouts said since Contra Costa is a growing county, it would be highly unlikely that any offices would close there.

Reiter's charge that 12 offices would close in the Bay Area was "highly speculative," he added. Fouts said even the plan to eliminate jobs (he put the figure at 17,000) would not lead to any firings.

Rep. George Miller, D-Martinez, said that before Social Security makes any decisions to reduce personnel, "I want to see hard evidence, not pie-in-the-sky predictions they can serve seniors on a responsible and timely basis."

"All too often predictions of 'more efficient service' turn into greater foul-ups. We've had two very disturbing examples: the delays in getting replacement checks to Antioch senior citizens, and the $3 billion in Social Security underpayments I uncovered last year," he said.

While the Social Security Administration is denying that offices will close, a congressman's aide said some of the closures have already happened.

"They closed the Woodland office in our district," said Sandra Stewart, administrative assistant to Rep. Vic Fazio, D-Sacramento.

The internal memo itself names one district office and 17 branch offices that have closed since 1981.

"There seems to be every indication that they will proceed with more consolidation," said Stewart.

She said it appears from the memo that the number of offices to be closed ranges from a low of 291 to a high of 800.

"Even at the lower number, the cut would wreak havoc as far as the service. Were it to go anywhere near the high end, it would be horrendous," she said.

"They claim it isn't going to hurt Social Security recipients. But the criteria that has been bandied about shows that in some instances there will be no offices within 200 miles," she said.

Stewart said the plan is to cut Social Security administrative costs by $535 million over the next three years.

"Granted you might save some money. But at the same time you cut down on service. In the long run you probably don't save because you've increased the error rate . . . It's one of these shoot-yourself-in-the-foot kind of proposals," she said.

Reiter holds that the cost of administering the huge Social Security system including Medicare is 1.3 percent of the $269 billion budget.

She said the agency has the lowest percentage of administrative costs in the government.

[From the San Francisco Examiner, Feb. 15, 1985]

House Panel Comes to S.F. to Talk About Spending and Debt

(By Dexter Waugh)

More than a dozen witnesses complained of President Reagan's proposed budget and offered suggestions to reduce the mammoth federal deficit in the House Budget Committee's road show came to San Francisco yesterday.

Nine members of Congress—six Democrats and three Republicans—were here to gather grass-roots reaction to the president's proposed fiscal year 1986 budget and to hear ideas on cutting the deficit. Democrats invited their witnesses and Republicans theirs.

Committee members listened to the witnesses and argued with a few of them. Some argued that Reagan was gauging the middle class and the poor, while others pointed out that Reagan has curbed inflation and reduced taxes.

For federal workers, the high point of the session was a vow by committee Chairman Vic Fazio, D-West Sacramento, regarding Reagan's proposed 5 percent pay cut for federal workers.

"We are not removing any pay cuts from the table, but in my own view, over my dead body will we cut 5 percent from federal paychecks, Fazio said.

But for others, the high point was J. Peter Grace's comment on the Pentagon's famous $600 toilet seat. Grace, chairman of the president's Private Sector Survey on Cost Control, said he didn't think Defense Secretary Caspar Weinberger "has taken a position yet on the toilet seat."

The 4½ hours of testimony, questioning and posturing produced that kind of mixture of serious and silly.

At the outset, Rep. Delbert Latta, R-Ohio, ranking minority member, said: "Every place we've been (in three previous hearings), we've had people come up and say, 'We want more from federal government, not less.' "

Latta said those who testified suggested cuts "in the other guy's backyard, but don't do it in mine."

Grace, whose commission produced 2,400 ideas on how to cut the budget, continued a dispute with Rep. Pat Williams, D-Montana, that enlivened the committee's hearings in New York and Dallas.

Fazio called them the "Peter and Pat Show."

Grace said that "all the incentives in government are directed toward spending."

Williams called Grace's figures "flawed," and said his proposals would "eliminate a college education for the middle class, close many post offices and increase the number of people below the poverty level."

Rep. Bobbi Fiedler, R-Northridge, asked Grace to identify the "greatest single impediment to implementation of your recommendations."

"It's the Congress," Grace replied "They feel if you close down a (military) base that's not needed, they'll lose votes."

Rep. Barbara Boxer, D-Greenbrae, countered by asking Grace how many bases Reagan and Weinberger had proposed closing. Among the Grace Commission's proposals was shutting down 3,600 bases.

Grace answered that Reagan and Weinberger were "probably going to lunch" but that he'd find out for her later.

"Many of your own recommendations are not being picked up by the president," Boxer told him, "It's not all Congress."

In his opening remarks, Fazio said the deficit has led to a "skyrocketing cost of servicing the national debt." Interest payments on the national debt alone went from $23 billion a decade ago to $130 billion this year, and are estiamted to climb to $230 billion by 1990.

Kay Quong, assistant to Oakland's city manager, told the committee that Reagan's proposed elimination of revenue-sharing for cities would have a drastic effect on vital services.

"California cities are just now recovering from the devastation created in 1978 by Proposition 13," she said. "Since 1978, cities have been making a steady but slow recovery through perseverance, ingenuity and more efficient deployment of resources. The nation of (revenue sharing) will put us back into the cutback mode of 1978."

Prop. 13's co-author, Paul Gann, told the committee that "you could save a lot of dough" by eliminating superfluous government departments. He complained that government spending as a percentage of the gross national product had increased from 14 percent in the Eisenhower years to 25 percent in the Reagan administration.

Williams accused Gann of "promoting a myth of federal spending as a percentage of GNP. When people hear that, they immediately think of social spending. Social spending under Kennedy was 5 percent of the GNP and now it's 6 percent."

[From the San Francisco Chronicle, Mar. 8, 1985]

Reagan Plan May Close 12 Bay Area Social Security Offices

(By John Fogarty)

WASHINGTON.—Three Social Security offices in San Francisco are among 53 offices in California that may be closed under a Reagan administration budget-cutting plan, it was disclosed yesterday.

The three San Francisco offices that may be shut are Chinatown, Hunters Point and Outer Mission.

Nine other Bay Area offices on the list include Berkeley-southwest, Oakland-west, Palo Alto, Fairfield, Napa, Richmond, San Leandro, San Pablo and Vallejo.

Representative Vic Fazio, D-Sacramento, said the offices are among 770 Social Security offices nationwide that could be closed under a formula devised in the Department of Health and Human Services.

Fazio unveiled the list during a House Budget Committee hearing on the department's budget with its chief, Margaret Heckler. Heckler acknowledged that the department was studying the offices but said no conclusions had been reached.

Heckler said that the agency documents obtained by Fazio are draft proposals "that may or may not become department policy."

Internal departmental memos obtained by Fazio call for closing offices with 10 or fewer employees, the possible closing of offices with fewer than 25 employees and consolidation of larger offices in metropolitan areas, the congressman said.

He said that under the formula, more than half the nation's Social Security offices could be closed with the result that Social Security recipients would have to travel farther and wait longer for assistance.

SOCIAL SECURITY PLANS TO REDUCE WORK FORCE 20%

(By Stephen E. Nordlinger)

WASHINGTON.—The Reagan administration is planning to reduce the work force of the Social Security Administration by more than 20 percent in the next five years as a modern computer system becomes fully installed.

Administration officials said the cutbacks would result from attrition or job transfers rather than layoffs. They would affect the headquarters in Woodlawn as well as the network of Social Security offices nationwide. But officials said they did not know how the cutbacks would be apportioned between the headquarters and the various regional offices.

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He said his organization represents about 6,000 of the eligible 14,000 Social Security employees in the Baltimore area.

Mr. Gage said the expected loss includes 500 jobs at the 4,000-employee Metro West office in Baltimore and about 170 computer-operator and tape-librarian jobs at the central office in Woodlawn.

The computer operators and librarians will be especially difficult to retrain, the union official said, because the new jobs that will come with the upgraded computer system will be high-tech positions for which the employees may not be able to qualify.

Mr. Gage said that clerical and record-maintenance positions will be hit first by the staff streamlining. He said he expects many SSA employees to decide to retire in the face of the massive changes.

[From The Sacramento Union, Mar. 12, 1985]

YOLO COUNTY SENIORS BRING SOCIAL SECURITY OFFICE BACK

(By Lou Thelen)

WOODLAND.—Yolo County Senior citizens have won their battle for the return of a Social Security office here.

An outreach office will be open from 10 a.m. to 2 p.m. Monday through Friday starting April 1, according to Pete J. D'Anna, the Sacramento district manager for the Social Security Administration. D'Anna met Monday with a committee seeking to reopen an office in Yolo County's seat.

Members of the Committee to Restore Social Security Service in Woodland, appointed by the Yolo County Commission on Aging, had collected more than 7,000 signatures on petitions asking for the reopening of a part-time office closed in April.

The key to reinstating the office is using volunteers to cut Social Security's costs.

Vi Giesen, committee chairwoman, hailed the arrangement as the "Woodland solution."

"Little Woodland, California, has taken up the challenge," she said. "This can be the role model throughout the United States where there will be office closures."

D'Anna concurred.

"We have never done that before," he said. "We have never had our business done by volunteers.

"If 25 percent of Social Security Administration staff is cut, or 20 percent of our offices are closed as proposed, if any of that goes through then we may see more versions of the Woodland solution."

The new office, however, will not return to the old way of doing business, D'Anna said. Instead, it will serve as a referral center.

D'Anna outlined a "gentleman's agreement" between Social Security and Yolo County on the outreach office. The terms are:

A Green Thumb employee, paid the minumum wage of $3.35 an hour, will staff the office 20 hours a week. Green Thumb is a federal Department of Labor program helping people 55 and older find jobs.

The Green Thumb worker, in effect, is a volunteer worker for the Social Security Administration, D'Anna said.

In addition, community volunteers will help the Green Thumb worker.

Yolo County will provide office space and phones. Also, county employees will supervise the Social Security office staff and volunteers.

The outreach office will be a referral center. The staff, after receiving training at the West Sacramento Social Security office, will distribute forms, such as change-of-address, that can be sent to a full-time office for processing.

For a recipient's simple problems, Woodland office staff will call Social Security workers, who then can look up a recipient's records on a computer and answer specific questions. Since switching from paper to computer files, 83 percent of Social Security business can be handled by phone, D'Anna said.

For more difficult cases requiring direct contact with Social Security workers, outreach office staff will arrange appointments.

[From The Sacramento Bee, Mar. 8, 1985]

Demos List 770 Social Security Offices Jeopardized by Cuts

(By Jeff Raimundo)

Washington.—House Democrats released a list Thursday of 770 Social Security offices, including up to 70 in California, they said could be eliminated under President Reagan's "heartless" plan to close half the Social Security Administration's service centers around the country.

Health and Human Services Secretary Margaret Heckler assured an uncovinced House Budget Committee the proposal, which also would eliminate 17,000 Social Security employees, won't be completed "until preservation of services would be absolutely established."

Rep. Vic Fazio, chairman of the House Budget Committee task force that oversees Social Security, called the proposal "heartless and wrong" and joined two other key chairmen in calling for an independent government investigation of the plan.

Fazio, D-West Sacramento, recalled that Reagan promised during last year's presidential campaign not to slash Social Security. But the cutback plan has "a potentially disastrous impact" on the elderly, "people who don't have an easy time of getting around," he told Heckler.

"For rural residents, these cuts will mean long drives to and from Social Security offices. For the urban recipients, such a proposal will mean longer waiting lines."

Neither Heckler nor the Social Security Administration have identified the offices they would target for closure. But based on internal memos obtained by Congress and outlining the guidelines to be used, Rep. Edward Roybal, chairman of the House Select Committee on Aging, constructed a likely list of target offices that Heckler did not challenge.

On the list issued by Roybal, D-Los Angeles, are 17 California offices "most likely to be closed," including one each in Fresno, Lodi and Susanville. Another 36, includ-

ing two more in Fresno, and one each in Auburn, Gilroy, Hanford, Napa, Oroville, Placerville, Roseville and West Sacramento, "may be downgraded or closed," Roybal said.

Fazio predicted "the potential public backlash here is going to be very, very significant." In Northern California, he said, "basically all you have left is San Francisco and Sacramento. You're talking about thousands of people driving hundreds of miles and waiting in line all day."

He predicted such a cutback also will lead to increased errors in benefit payments, which he said would likely wipe out any savings intended by the elimination of the jobs and offices.

Heckler responded that Reagan's "landslide victory" last November "dramatically affirmed the domestic goals he has set for America." The reductions being proposed are intended as her agency's contribution to reducing the deficit and "preventing economic and social calamity."

The cutbacks affecting Social Security jobs and offices would be accomplished through increased automation, and computerization of work now done by hand.

Fazio challenged that, pointing out that in his 1986 budget proposal, Reagan says modernization will account for only 28 percent of the 17,000 jobs to be eliminated.

He said a similar cutback in federal disability program service offices a decade ago "turned out to be a disaster for recipients. We ought to learn from the past."

Social Security Employees Act To Halt Closure Plan

Public debate heats up by the day over the Reagan administration's quiet scheme to shut down nearly 800 regional offices of the Social Security System over the next few years.

The controversy grows as a result of wide public education action launched by the Social Security employees' union. The action has succeeded in flushing the administration plan out into the open for full public airing.

If the administration plan goes through about 17,000 Social Security employees will lose their jobs, says Gayla Reiter, president of San Mateo County Central Labor Council affiliated Local 3172 of the American Federation of Government Employees, the agency's employees' union which represents more than 70,000 field office workers across the U.S.

If the cuts are allowed to go through service to the public nearly drops out of sight, Reiter warned in April testimony before the House Ways and Means Committee.

"Where is the efficiency or economy in dismembering such an effective organization—one whose accuracy, courtesy and service to the public has been outstanding through the years."

Reiter noted that SSA has always been an efficient agency spending less than 2 percent of its total outlays on administrative costs, while maintaining a payment accuracy rate of over 99.6 percent.

Yet Acting Commissioner Martha McSteen proposed in a Dec. 11, 1984 memo, a plan designated to reduce staffing by 17,000 or more employees over the next 3-4 years, Reiter said.

The recommendations indicate that most offices under 15 employees would close as well as any metropolitan office with 25 employees or less that is within 25 miles of another SSA office.

Using a map of California to illustrate her point, Reiter said that 12 offices in the Bay Area would be targeted for closure and over 70 throughout the state would close. She also noted that some states would be left with only one SSA office in the entire state.

Not only would the elderly, disabled and disadvantaged suffer the hardships of traveling long distances to get to Social Security offices, their ability to resolve problems by phone would also be taken away, Reiter explained. "Staffing cuts would mean greater backlogs of work and longer waiting times once you get to an office."

Reiter told the panel that she has worked for SSA for 18 years. "I know the dedication, empathy, conscientious hard work of its employees. I also have seen the distress, low morale, and actual defection of many of its most competent employees. They will no longer accept the long hours, lower pay than their private sector counterparts, poor benefit protections, and abuse to which they've been continuously subjected."

Reiter said the proposed budget was "scandalous" and that it would directly affect many. She said the budget was far from an ernest effort to balance the budget and

eliminate the deficit, and that it was "a carefully drawn plan to redistribute spending from domestic to military programs.

"President Reagan's budget is a rather obvious attempt to dismantle the Civil Service System," she said. "Those of us who survived his (Reagan's) term as governor of California, well remember one of his simplistic themes—that people in mental institutions were there because they were lazy and didn't want to work. His equally simplistic solution was to close many of the state mental hospitals, literary dumping chronically ill patients on the streets."

She said his 1986 budget was equally simplistic, but rather than actually saving money, the government was going to spend more.

[From the Federal Times, May 13, 1985]

An Insider's View of SSA

(By Gayla Reiter)

I began working as a claims representative for the Social Security Administration right after I graduated from college in 1967. At that time, it was a remarkably efficient and effective agency—one to which many highly educated and idealistic workers were attracted, as they felt they were being of service.

We processed hundreds of thousands of claims for an increasingly complex program, as Medicare, disability, chronic renal disease, Supplemental Security Income and special insured status benefits all were added to the basic retirement and survivors programs.

This administration's budget proposals call for closing roughly 800 Social Security district and branch offices, all 33 teleservice centers, all 3476 contact stations—as well as reducing staff by 18,000 employees in the next three to five years.

We've heard top agency officials give lip service to alleged service improvements, stating that systems enhancement will allow SSA to cut 18,000 employees with neither RIFs nor a decline in public service. Baloney!

I work in a field office, and I can assure you that we are currently facing severe workload problems after losing roughly 3000 people in the last two years. Let me cite a few examples.

Mail backlogs. Several offices throughout the country are so busy interviewing the public that they cannot process incoming mail. Many field offices have large boxes full of mail and filing cabinets full of claimant letters and inquiries that require processing. But workers can't get to them as they are conducting interviews all day.

Overpayment/post entitlement backlogs. Many offices have several filing cabinets full of post entitlement actions they've been unable to process because of staffing restrictions. The backlogs contain unworked underpayments, overpayments, scrambled earnings cases, redetermination, etc., that are well over one year old.

Long waiting times. Claimants coming into field offices often wait at least an hour to be interviewed. And in many instances they must wait even longer—as long as three or four hours.

Reporting instructions not covered. The pressure is so strong to produce immediately "talliable" items to meet the ever-changing statistical goals that we take short cuts. Speeding through interviews and not explaining each reporting requirement are ways to cope with the pressure.

Statistical manipulations. Many managers and supervisors, pressed to produce favorable short-term statistics, take actions that harm the claimant. A few glaring examples have been reported in the media: Claimants' benefits have been terminated due to statistical inputs by managers and supervisors who wanted to meet an immediate weekly goal. Examples I've seen force me to questions how these statistical goals actually correlate with public service.

Redeterminations time bomb. SSA has projected staff and cost savings by redefining situations it believes are likely to result in overpayment. The number of SSA redeterminations we have to process has increased—35,000 more are projected for this year than last. SSA administratively has decided to use a 10-question form, rather than a 10-page form, on several of these redeterminations.

What it means is we're not going to look for the overpayments—a "what we don't know won't hurt us" philosophy. But unfortunately, many overpayments do surface, sometimes years later when corrections are much more difficult to document. The small immediate administrative savings we achieve through staff cuts could actually cost millions later.

The Social Security Administration's job is growing. Changes in the disability program (resulting from 17 class action suits and congressionally mandated program changes), resumption of representative payee accounting and new, more stringent, criteria on overpayments all point to the need to *add* significant additional staff.

Our agency has an admirable track record, spending less than 2 percent of its budget on administrative costs while maintaining a payment accuracy rate of more than 99.6 percent. Where is the efficiency or economy in dismembering such an effective organization?

What we see proposed in President Reagan's budget strikes at the very life blood of federal employees and the various agencies. Conscientious employees are leaving agencies after 15 to 25 years of service, no longer able to endure the unfair treatment. Their experience and expertise are not easily replaced. Agencies decimated by harsh, unthinking cuts often are left permanently crippled and ineffective.

President Reagan has exhorted the American public to write and call their congressmen to support his harsh budget proposals. We must be sure our voice is heard. We, as federal employees, are also concerned with the quality of our government and its ability to function.

Don't believe that the devastating cuts being proposed for our agencies—as well as for our pay and benefits—will somehow magically be protected. They won't.

We have to actively fight to preserve them. I urge each of you not only to call several congressmen, but also to encourage your family, friends and associates to do the same.

MARCH 28, 1985.

To: People Concerned for Social Security.

From: Jill Hastings, First Vice-President, AFGE Social Security Local 3231, P.O. Box 1083, McKeesport, PA 15132, Telephone: 412-678-0146.

The closing of the Social Security office in Bridgeport, Ohio has resulted in serious consequences for the residents of Belmont County, Ohio. Residents of Belmont County are now serviced by a Social Security in another *state*. Though the Wheeling, West Virginia office is only across the river from Bridgeport, Ohio all social services that employees must be familiar with in order to process Social Security and SSI claims are different in each state.

The plan to close the Bridgeport office was the brainchild of the Social Security District Manager in Wheeling, West Virginia. *No* service studies were done before the office was closed. The manager pleaded ignorance of the closing until the union forced his hand by revealing proof that the office was to be closed in July, 1984.

A "Contact Station" was maintained in Bridgeport to service the 81,000 residents of Belmont County after the Bridgeport office closed. It was staffed by a single employee two days a week. This limited service ended in February, 1985, a mere seven months after the closing of the main office. There is another Contact station that services Belmont County. It is open for business in Barnesville from 10:00 AM to 12:00 PM twice a month on Tuesday. It is staffed by a single employee.

The residents of Ohio and West Virginia who must now use the Wheeling office have discovered there is a parking problem in Wheeling, waiting times are longer to see the single receptionist, there is serious overcrowding of the office with both equipment and people, and individual privacy when giving personal information about medical problems and finances cannot exist.

The attached petitions are a direct result of the closing of the Social Security office in Bridgeport, Ohio. To date, no "alternative service delivery methods" have materialized. Inconvenience and dissatisfaction are the result. Please help.

We, the people serviced by the Bridgeport Ohio Social Security office strongly protest the closing of the Bridgeport office and its unsatisfactory location in Wheeling, West Virginia. We want a Belmont County Social Security office.

NAME	ADDRESS
Gertrude Pucciena	51 S 2nd St Apt 16 Martins Ferry
Rebecca Hesserode	#402 Lasko Apt Martins Ferry Ohio
Lavina Moffo	211 Lasko Apt 518 S 2nd St Martins Ferry Ohio
Kathryn Briggs	410 Lasko apt Martins Ferry O Ohio
Hilda Thompson	38 N 3rd Martins Ferry O
Elizabeth Leech	#511 Union St Martins Ferry O
Iona O'Basko	#115 Lasko " " " " O
Shirley June McManus	Apt #109 Lasko " " " " O
Matthew P Theseus	811½ HANOVER Run M Ferry Ohio
Isabelle Totterdale	Apt #12 518 S 2nd St Martins Ferry Ohio
Virgil Thomas	Lasko #306 S. 3rd St Martins Ferry O
Marion Wylie	Lasko Apts #308 Martins Ferry O.
Loretta Sutton	Lasko Apts #214 Martins Ferry O
Georgia Fitzgerald	" " 114 " " " " O
Frances Kafka	518 S. 3rd St " " " O
Estelle McLeod	301 Lasko Apts Martins Ferry Ohio
Elva Third	301 Lasko Apts " " " "
Alberta Vandyne	508 Lasko Martins Ferry Ohio
Beatrice McFarland	510 Lasko Martins Ferry Ohio
Geo Welter	303 Lasko " Martins Ferry Ohio
Anna Orend	207 Lasko Martins Ferry Ohio
Charles Finn	312 Lasko Martins Ferry O.
Anne Paroligan	514 Lasko Martins Ferry O.
Robt Shafer	208 Lasko Martins Ferry O.
Thomas Stoica	410 Carlisle St Martins Ferry O.
Harry L Huntsman	600 S Zane Hgts Martins Ferry, Ohio 43935

We, the people serviced by the Bridgeport, Ohio Social Security office, strongly protest the closing of the Bridgeport office and its unsatisfactory location to Wheeling, West Virginia. We want a Belmont County Social Security office.

NAME	ADDRESS
Rose M. Farland	Hope Plaza Tower Apt. 315 M. F. O.
Mable McPeak	Eagle Apt. 201 Martins Ferry O.
Elsa Snyder	1115 Indiana St Martins Ferry, O.
Madena MacEwan	RI Martins Ferry, O.
Cleora Greenlee	408 Eagle Martins Ferry O.
Hazel Stump	505 Eagle Mart. Ferry O.
Jessie Anderson	Eagle Apts Martins Ferry O.
Lulu Mae Farland	4309 Belmont Pike Martins Ferry O
Audrey Stumps	710 Indiana M. Ferry O.
Lillian Huntsman	617 S. Zane Hwy Martin Ferry O.
Mildred Maynard	Eagle Apt. 504 Martins Ferry O.
Myrtle Brooks	Apt. 42 Eagle Apts Martins Ferry O.
Nelson Boyer	69822 Ohio St. M. Ferry O.
Roy E. Boyer	69822 Ohio St M. Ferry Ohio
Helen L. Maynard	707 Indiana St. M. Ferry Ohio
Leland S. Pedrick	73468 Pleasant View Adena, Ohio
Mrs Truman C. Poole	527 S Zane Hwy Martins Ferry, Oh
Edward S. Poole	527 S. Zane Hwy Martins Ferry, Oh
Edward Krzeczyk	[illegible] Martins Ferry O.
Beatrice Griffith	1220-Va St Martin Ferry O.
Dorothy Cook	Glens Run - M. F. O.
Lora Hammers	839 North 6th Martins Ferry Ohio
Wm Fairman	5th House 6th St Martin Ferry Ohio
Lilian R. Stewart	71322 Gleason Rd Bridgeport, Ohio

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NAME	ADDRESS
Janet D. Stauffer	Lasle Apt. 309, 518 S. 31st St. Martins Ferry, Ohio 43935
Mildred B. Smyth	300 N. 7th St. Martins Ferry, Ohio 43935
Alice M. Hughes	805 Indiana St. " " " "
Louis Chambers	610 Center St. Martins Ferry Ohio 43935
Janet Fravel	828 4th St. Martins Ferry Ohio 43935
Alert Division	1991 Bradley Rd. M. F. O.
John J. Kogut	1021 S. Zane Hwy. M. F. O.
Reale Barton	237 S. Zane Hwy. M. F. Oh.
Freda Ferguson	Wayne Hwy Apt 615 M F O
Viola Fissure	" " 711
Kathryn Woods	1023rd St M F O.
Thelma Burns	Wayne Hwy Apt 210 M F O.
Mary Andrichak	35824 Cuthbert M F O.
Steff Schinkel	13668 Akron Wain Rd. Adena, Ohio
Jessie Varra	1209 Indiana Ave. M. F. Ohio
Laura Williams	803 Jefferson M-F.O.
Ann Kogut	1021 South Zane Hwy M. F. Ohio
Ann Leseman	6990 Bradley Rd. M F O. Ward 7th
Karl W Chambers	610 Center St M. F. O
Sally Jackson	Lasle apt martins Ferry Ohio
Wilbur Wilbert	Lasle Apt #3 Martins Ferry Oh.
Dan Delbert	Lasle Apts #506 Martins Ferry Ohio
Kathryn Saunders	Lasle Apt 213 Martins Ferry

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NAME	ADDRESS
Betty Dunfee	4900 Jacobsburg Centerville Rd Jacobsburg Ohio 439
Joe Dunfee	46554 Main St. Centerville Jacobsburg, Ohio
Janet O. D[illegible]	46554 Main St Centerville Jacobsburg, Oh.
L. Dale Dunfee	4900 Jacobsburg-Centerville Rd Jacobsburg, Ohio 43933
Mary Dunfee	49001 Jacobs-Centerville Rd Jacobsburg Ohio 43933
Betty Jettka	4445 Noble St. Bellaire, Ohio 43906
Glenda Wieland	1338 Buck St. Bellaire O
Kenneth Wieland	1338 Buck St. Bellaire O
Mary Louise Driscoll	4234 Franklin St. Bellaire, Ohio
Laurence H. Rowson	4234 Franklin St. Bellaire Ohio
Barbara E. Rykowski	4246 Franklin St. - Bellaire, Ohio
A. J. Rykowski	4246 Franklin St. - Bellaire, Ohio
Brent L. Hoyle	4232 Franklin St. - Bellaire, Ohio
Janet L. Hoyle	4232 Franklin St Bellaire Ohio 43906
Robert Cross	4214 FRANKLIN Bellaire Ohio 43906
John H. Galloway	4231 Franklin St Bellaire Ohio 43906
Lela C Krenk	Box 152 - Glencoe O 43928
Wm Esposito	15 W - Hall - Shadyside O
Esther Rhodes	2300 Dist 23rd Bellaire, O.
Marcella Tolegh	5645 Boyd Ave Bridgeport Ohio 43912
Theresa Stopski	265 Lombardy Pkwy. - Bdgt - Ohio
Alice McChesney	4269 Noble St Bellaire Ohio
Anthony Chirpas	4269 Noble St Bellaire Ohio

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NAME	ADDRESS
Phyllis Barsi	1317 Elm St. Bellaire, O.
Antonette M. McNeck	43 W 43rd St, Shadyside, Oh.
Edward Macco	1319 Elm St. Bellaire, O.
Lynn Shepherd	1289 Washington St. Bellaire, O.
Clyde T Schram	1717 BELMONT ST. BELLAIRE, O.
William J Nelson III	1289 Belmont St. Bellaire, O
John Buggeri	3351 Jefferson St, Bellaire, Ohio
Steve Spinali	55846 Hog Bell Rd. Bellaire Ohio
Joe Hoffman	3715 Noble St. Bellaire, OH.
Jeanette Hoffman	3167 Belmont St Bellaire, Ohio
Mick N. Nelson	3223 Bel St. Bellaire, O.
Norman McLeod	58942 Kirkland Bellaire, O.
Antoinette M. Frey	242 Hagman Ave Bellaire, O.
Mavis J. Yoke	47238 Colerain Pk. M.F.D.
Frank Eric Yoke III	Colerain Pike M.F.D.
Dorothy Frey	1409 - Main Bellaire O
Jessica Snoad	1305 Washington St Bellaire Oh
Mary Shepherd	1289 Washington St Bellaire O.
Hazel Thburn	64633 Sand Hill Bellaire, Ohio
Carole McCorkle	56250 1st St Bellaire Oh
Diana Unterzuber	64349 Rock Hollow Bellaire Oh
Mary Linquist	64301 Shadyland Road Bellaire
Emma Lou Frankhouse	PO Box 173 Bellaire

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NAME	ADDRESS
Jack Dyarmett	306 Kreigin Ave Bellaire O
James B. Yeager	3025 Washington Blvd #2 Bellaire, Ohio
Roberta M. Yeager	3025 Washington Blvd Bellaire, Ohio
Lillian M Yeager	3025 Washington Blvd #2 Bellaire, Ohio
Alice L. Yeager	3025 Washington Blvd. Bellaire, Ohio
Richard A. Carey	4610 Highland Ave. Shadyside Ohio
Michael Romantic	57867 Kilgore Rd. Bellaire, Ohio
Michael R Mayer	3405½ Central Ave Shadyside
Delmer E. Lee	1860 - Belmont St Bellaire O
Thomas Woods	4260 Trumbull St. Bellaire, Oh
Mrs Thos J. Reynolds	411 Ohio Ave Bridgeport Ohio
& Lawrence Reynolds	" " "
Charles L Griffin	3477 Noble St Bellaire Ohio
Vera L Crayton	4203 Vernon St. Bellaire Ohio
Joseph Pallonic	56380 Hogg Rd Bellaire, Ohio
Doris Davis	4610 Highland Ave Shadyside O
Forest D Harris	3507 Potters ave Shadyside O
Helen K Leckie	Box 147 - Glencoe, Ohio
Gloria Evans	Box 917 - Neffs Ohio
Wilma Krupp	565 W 43rd St Shadyside, O
Freda Shackelford	Bellaire O
Geraldine Brown	Powhatan O.
Agnes Brown	Jacobsburg, O.
Elizabeth Ferguson	Bellaire Ohio
Margaret O Stone	3176 Spruce St Bellaire.

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NAME	ADDRESS
Virginia Rowson	4234 Franklin St. Bellaire O
Martha Luke	541 W 49th St. Steubenville, O 43947
Katherine Baker	Rt #4 - Box 316 - Bellaire, O 43906
Velma Fantis	646 Harrison St. Bellaire Ohio 43906
Hazel Fantis	1783 Belmont St Bellaire O 43906
Cynthia Paul	1326 Birch St Bellaire, O 43906
Wilda Mannelli	306 Niagara Ave Bellaire, Ohio 43906
Elenor E Blanton	4900 Jacobsburg - Central Rd. Jacobsburg Oh 439
Albertus V. Willis	3075 Belmont St Bellaire, Ohio 43906
Irene Mullett	1349 High St. Bellaire, Ohio 43906
Randall Claycomb	200 Trenton Dr. Ft Claiborne Ohio
Betty Bonar	57008 High Ridge Rd. Bellaire O. 4390
Wayne Crim	2323 W. 23rd St Bellaire O 43906
Ann Arno	54730 windy hill Bellaire, Oh
Melva Tipney	316 W. 23rd St. Bellaire, O
Bertha Bolon	134-295 Bellaire Ohio 43
Pam Deverick	3662 Guernsey St Bellaire Ohio
Lewis Mitchell	4363 Dunn St S- Bellair, O, 439
Wilbert Danley	Windy Hill Bellair, O, 43906
Joe Buskirk	531 w 44th St Steubenville, Ohio
Louise L Russell	2-15 Grandview Manor Wheeling, W Va 2600
Bill Jones	Box 403 Bridgeport, Ohio 43912
Sally Shepherd	Washington St. Bellaire, O.
Tony Deverick	Guernsey St. Bellaire, O.

We, the people serviced by the Wheeling, West Virginia Social Security office, strongly protest the closing of the Bridgeport, Ohio Social Security office and moving it into the Wheeling office. We believe that service to the public will suffer and unnecessary hardship will be caused by the move. Belmont County should have its own Social Security Office.

NAME	ADDRESS
Barbara Kubic	Rt 8 National Rd Bridgeport Oh.
Wayne Nab	1395 Kennedy Ave Martins Ferry, Ohio 43935
Pete Horvath	Rt 5 Graham R.D. St Clairsville
Earl Taylor	Box 133 Jacobsburg O
Harry Richard	RT #1 Flushing Ohio 43977
Freda Arnold	Rt #1 Shadyside Ohio 43947
Jan Zeik	56770 Ferry View Rd Martins Ferry, O.
Donald Williston	St Clairsville OHIO
Barbara Ruthers	65 Zapple St. Bridgeport, Ohio 43912
Beverly Chilcoat	Box 635 Barton, Ohio 43905
[illegible]	73110 Colerain Rd St Clairsville OH 43950
Vickie Lemaster	2 Frederick St. Bridgeport, Oh 43912
Debbie Cline	200 W 36th St., Shadyside, Oh. 43947
Mary Lou Hicks	51226 Cole Run Rd Powhatan P Ohio 43942
Virginia Debeck	131 Carmi St Powhatan P Ohio
Virginia Hicks	51225 Cole Run Rd Powhatan P Ohio
Mary Anne Arnold	1315 Summit Ave Martins Ferry Ohio
Juanita Hupp	1312 Pennwell Ave Martins Ferry, Ohio
Mary Lewis	1217 Logan St. St Clairsville, Ohio
Carl Calhoun	Belmont Hgts Rt #1 Rd Bridgeport Oh
Barbara Kepler	51747 Key Bell Rd. Bellaire, OH 43906
Jim Hepp	Powers Run Road Bellaire, OHIO 43906.
Sophie Dunlevy	351 Highland Ave Bellaire Ohio 43906
Jack Groves	Rt 1 Cadwell Shadyside O 43947
Paul I. Monterey	67987 Mill Rd St. Clairsville, Ohio 43950

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NAME	ADDRESS
Mae Turner	Barnesville Ohio
Lucille Weinwanger	Barnesville Ohio
Helen Heath	Jacobsburg Ohio
Peggy Belanus	Bridgeport Ohio
Jo Be Taylor	Bellaire, Ohio
Paul D Engel	Powhatan, Ohio
Rhonda Jarrell	Bpt Oh
Chris Jarrell	Bpt Oh
DeEtta Jarrell	433 32nd St Bellaire, Ohio
Peggy Hanson	Bpt Oh
Jeb Hanson	Bpt Ohio
Sandra K. Wands	St. Clairsville Oh
Alice Moffat	Rt 4 St. Clairsville Ohio
Loretta Roberts	1517 Burlington Rd Martins Ferry O
Mildred Cain	Route 2 Belmont, Ohio
Everett Cain	Route 2 Belmont Ohio
Cathy Finley	621 Bond Ave. Barnesville, Ohio
Paul Knowlton	Box 317 Neffs Ohio
Donna Motley	R#1 Powhatan Pt. Barnesville, Ohio 43713
Judy Conaway	605 Jefferson St Martins Ferry Ohio
Rose Mary Conaway	605 Jefferson St. M.F.O 43935
Diana Myers	Box 34 Belmont Oh.
Marie Lappert	Rt #1 - Quaker City Ohio
Leona M Henderson	63795 Boyd Ridge Rd. Bellaire, Ohio 43906
Tracy Henderson	Box 144 Stewartsville, Ohio 43960

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NAME	ADDRESS
Charles Hendershot	Box 144 Stewartsville O 43960
Mabel Hendershot	63795 Boyd Ridge Rd Bellaire O 43906
Betty Meegen	324 Washington Bellaire 43906
Vicki Nortman	Rt 2 3rd St Bellaire 43906
Alice M Kuyoyak	Bannock Ohio
Carla Bean	Bannock Ohio
Karen Bean	Bannock, Ohio 43972
Paul Damianki	RFD 1 Flushing Ohio
JOE NAGY	22689 PLAINFIELD RD. 1, Rebecca O.
Marjorie J Tomlinson	56970 Valley D Armstrong Mills, O
Clayton Tomlinson	Box 133 Steubenville, Ohio
Harley E. Tomlinson	207 1/2 Stewartsville, Ohio 43960
Paul C Tomlinson	Box 74 Armstrong Mills O 43904
Mary Moore	Box 83 Jewett Ohio 43986
Donna Rauschenberg	Rt 41 St Clairsville, Ohio 43950
Mary Fetter	941 W 6st Martins Ferry Ohio
Jillian Brown	490 Fairmont Wheeling WVa
Linda Tomonich	52015 HILL'S ICE. RD. ST CLAIRSVILLE, OHIO 43950.
Nan DeBolt	210 S. Third St Martins Ferry Ohio 43935
Dennis Angus	2349 W. 32nd St. Bellaire OH 43906
Carl W. Clutts	55682 Belmont Bellaire Ohio 43906
Betty Harrell	60841 Wegee Rd. Shadyside Ohio 43947
Catherine Nichols	328 3rd St Belmont Ohio 43718
Susan Tomer	Reservoir Rd St Clairsville Oh 43950
Mark Tomer	Reservoir Rd, St. Clairsville, Oh 43950

We, the people serviced by the Wheeling, West Virginia Social Security office, strongly protest the closing of the Bridgeport, Ohio Social Security office and moving it into the Wheeling office. We believe that service to the public will suffer and unnecessary hardship will be caused by the move. Belmont County should have its own Social Security Office.

NAME	ADDRESS
Roberta A Mitchell - Box 53	Colerain, Ohio
Raymond Mitchell Box 53	Colerain, Ohio
Ben Williams	Bellaire Ohio
Maura Eddy Rt. 1 Box 100	Belmont, Ohio
Wanda M. Johnson Rd 2	Lansing Ohio 43934
Barbara Williams 376 Florence ave	Bellaire, ohio 43906
David C Williams 376 Florence Av.	Bellaire, ohio 43906
Margaret William 376 Florence ave	Bellaire Ohio 43
James A Patterson 55260 COLERAIN PK	Martins Ferry Ohio 43
Wlady Patterson 55260 Colerain Pike	Martins Ferry Ohio 43935
Regina Yeates Rt Box 372	Neffs Ohio
Stacy Shipley	Lansing Ohio
Clyde W. Porter Jr.	71585 Colerain, Bridgeport, Oh.
Jack Bowles	321 E Off St Wheeling W.
Shirley Mast	Rt 2 St. C. 43950
Margaret Walker	72401 Colerain Bridgeport Oh 43912
Grace Nulet	67904 Hower Bridgeport, Ohio 43912
Violette Severino	50751 Key Rd Jacobsburg Ohio 43933
Jim Severino	50751 Key Rd Jacobsburg Ohio 43933
Patricia D. Dudley	4955 [redacted] Bellaire, Ohio 43906
Felix Mackey	RD1 Martins Ferry Ohio 43935
Helen Eberhart	711 N. Erie St Wheeling W.V 26003
Patsy Wotasek	320 Lafferty St. Clairsville O 43950
Pauline Coddington	15 Elsa Tower Dr Bpt OH 43912
John Nesbit	P. Box 83 St. Clairsville 43950

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NAME	ADDRESS
Dick Orlando	71900 Ayers Road St Clairsville Oh
Carol Starr	RR. 4 St. Clairsville
Ray Starr	Rt. 4 St. Clairsville
Ida A Hunter	114 Ohio Woodsfield Ohio
Lyman Huntsman	114 Ohio Woodsfield, Ohio
Shirley Brown	Box 63 Maynard, O. 43987
Donald N. Brown	Box 63 Maynard, O. 43937
Patricia Ludwig	Rt. 4 St. Clairsville
Grant Ludwig	RD#4 St. Clairsville Oh. 43950
Robert Zavatsky	Box 255 Maynard, Ohio 43937
Frank Ludwig Sr.	Box 8 Maynard Ohio 43937
Agnes Monroe	Wayne Blandy Richards
Shirley Monroe	5381 Wheeland Shadyside, Ohio 43947
Lola Samples	1100 Virginia St. Martins Ferry Ohio
Jean Samples	1100 Virginia St Martins Ferry
Natalie Kenaan	3859 Glen St Shadyside, O.
Terry Lawrence	20 Kelly DR. Wheeling
Mary Jenkins	St. Clairsville, Ohio
Tommy Regel	Barnesville, Ohio
Jane Bergen	120 Pond Ave St.C Oh.
Kenneth Haran	71337 Center Street St C. Oh
Jack Starr	Box 114 Belmont Ohio
Leroy Jackson	Box 101 Flushing Ohio
Alan Jackson	Box 101 Flushing Ohio
Ron Jackson	same Colerain Ohio Belmont County, Ohio

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NAME	ADDRESS
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Dennis Johnson	Box 89 Mt. Pleasant
JB Hall	833 N. 6th St. Martins Ferry, Ohio
Art Hall	833 N 6th St Martins Ferry
[redacted]	
Ethel Olson	P.O Box 49 Neffs - Steubenville
RR Southard	189 Glencoe St C Ohio
Linda Guthrie	Rt 2 Belmont, Ohio
Virginia Lafferty	Box 127 Neffs Ohio 43940
Shirley Kyle Davis	50481 Canby Rd. St. Clairsville Ohio 43950
Judy Seidel	Box 4 Bethesda, Ohio 43719
Tammy Valentine	345 Lincoln Ave Shadyside, Ohio 43947
Joseph Speedling	514 South Hayes St, Bridgeport, Ohio
Catherine Woods	St. Clairsville Ohio
Lois Woods	1295 S. Marietta St C. Ohio
D. Fisher	61025 Staci Rd. Bellaire Ohio 43906
D.W. Stein	46280 Mt Olivet Rd. Bannister O
Charles Grant	60920 Rt 9 Box 2602 Jacobsburg O
Donald Grant	60811 Armstrong Centerville Rd Lansing O.
Barbara Wallace	53690 Wallace Rd. Powhatan Pt Ohio
Lois Blaney	868 Mill Rd, Bridgeport, Oh 43912
Linda Roach	School St. Neffs, Ohio 43940
Glenda Dawson	Jacobsburg Ohio 43933
Sharon Dilantis	Jacobsburg Ohio 43933
Lois Cook	Shadyside Ohio 43947

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Mardi Jane Whitesides	73560 Emmon Road, Adena O 43901
Marlaine Widmer	4454 Featherwood, St. Clairsville, Ohio 43950
Pat McKee	219 Lakewood St Clairsville, Ohio 43950
Ellen Robbins	5232 Atkeson Road Bellaire, Ohio 43906
Paula Stanfield	743-38th St. Bellaire Ohio 43906
Darlene McGarry	64541 Belle Village Apt A, Bellaire Ohio 43906
Ben McIntyre	Box St Lansingburg, Ohio 43927
Catherine Woods	129 S Marietta St. St-C.
Lisa L Woods	129 S. Marietta St. St C.
Vincent L Gallagher	8 Maple St. Brookside, Oh. 43912
Doyle Hanlon	113 Morgan St St Clairsville Ohio 439
Jean Cole	68529 Woodcraft Dr. St. Clairsville Oh. 439
Dermont Lee	113 Ruggles Av St Clairsville O. 43450
Shirley Smith	46144 National Rd, St. Clairsville, Oh 43950
Sara Orr	310 Orchard Lane, St. Clairsville, OH 43950
Mary J. Lee	113 Ruggles St. Clairsville, O 439
Myra Myers	Robert W. Bonnell St. Clairsville Ohio 4395

AFGE COUNCIL OF SSA FIELD LOCALS

UNION LINE FROM REGION NINE

Number 17- March 1985

Reiter Testifies

"Where is the efficiency or economy in dismembering such an effective organization - one whose accuracy, courtesy and service to the public has been unblemished?" asked Council President Gayla Reiter.

Testifying before the House Budget Committee in San Francisco on February 14, Reiter told members of Congress about AFGE's opposition to plans to radically alter SSA, cut personnel and offices, as well as proposals harmful to federal employees (pay cut, health, benefit changes, retirement changes, etc.)

Reiter noted that SSA has always been an efficient agency spending less than 2% of its total outlays on administrative costs while maintaining a payment accuracy rate of over 99.6%.

Yet Acting Commissioner Martha McSteen has proposed in a 12/11/84 memo,a plan designed to reduce staffing by 20,000 or more employees over the next 3-4 years. Reiter referred to another internal management memo signed by Nelson Sabatini, Acting Comm. for Management & Budget which outlined criteria for closure or consolidation of field offices. The recommendations indicated that most offices under 15 employees would close as well as any metropolitan office with 25 employees or less that is within 25 miles of another SSA office.

Using a map of California to illustrate her point, she indicated that 12 offices in the Bay Area would be targeted for closure and over 70 throughout the State would close. She also noted that 35 of the 53 offices in the Seattle Region would close; while some states would be left with only one SSA office in the entire state. Washington Congressman Mike Lowry was present at the hearing.

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UNION LOBBIES IN DC TO SAVE JOBS, BENEFITS

C147 President Gayla Reiter recently obtained internal management documents which indicated SSA management plans for major operational changes including large staff reductions, contracting out of jobs, reassignment and movement of personnel all over the country as well as significant SSA office closures. Reiter accompanied by L3172 LPD, Mike Codon, and L2452 President, Bernice Levy, traveled to Washington D.C. to make a concerted effort to bring these facts (as well as concerns over federal employee pay, retirement, and other benefits) to the attention of key members of Congress.

The trio met with various Senators, Congressmen, their legislative staff as well as the staff of various Congressional Committees (House and Senate Budget committees, Social Security Subcommittee, House and Senate Aging committees, Appropriations Committee, Post Office and Civil Service Committee, Government Operations Committee,etc.

Congressman Vic Fazio initiated action to require that the General Accounting Office (GAO) conduct an immediate impact study to assess the effect of the planned staff reductions and office closures upon our agency as well as the service we provide the public.

Fazio chairs the Income Security Subcommittee of the Budget Committee. Joining Fazio in his request for a GAO study were: Congressmen Jim Jones (Chairman of the Social Security Subcommittee), Edward Roybal (D. Los Angeles), Chair of the House Aging Committee and member of the Appropriations Committee, Matthew Rinaldo and Tom Tauke.

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UNION LINE is written, typed and pasted up by volunteers and printed in a Union shop. More volunteers mail it out. Staff for this issue was Howard Egerman, Gayla Reiter, and Donna Thomas.

UNION LINE gives a large measure of appreciation to hard-working Donna Thomas of the San Rafael, California Social Security office for typing this issue on her word processor. We are doing our utmost to improve the quality of this newsletter.

We welcome all contributions. If you want to work on the next issue or want to send articles, cartoons, comments, send them to Howard Egerman, 3216 Davis Street, Oakland CA 94601.

3172 LPD Donna Thomas and L.R. Claudine Marbury work on typing UNION LINE.

Changed Your Address?

Please send all changes of address to your local official listed below:

Local 2452 -
currently vacant, send to
Bernice Levy, President
3743 Monteith Dr.
Los Angeles CA 90043

Sandy Matthis, Treasurer
Local 2879
P.O. Box 1252
National City, Ca. 92050

Frank Aguilar, President
Local 2777
4802 So. 15th Ave.
Tuscon, Az. 85714

Jan Johnstonbaugh, Treasurer
Local 3094
6407 No. 45th Drive
Glendale, Az. 85301

Randall Muntean, Treasurer
Local 3172
4709 Culebra Avenue
Santa Rosa, Ca. 95405

Nat Council Caucus 2

The National Council of SSA Field Operations Locals (C220) recently had their annual caucus from 2/16/85 - 2/18/85 in New York City. C220 EVP Gayla Reiter and C147 EVP Jeanette Perkins attended as delegates while Local 2452 President Bernice Levy went as an observer.

The 7 national officers and 10 Regional Vice Presidents met in extensive session planning strategies and budget for the upcoming year. Significant new expenditures included investment in a computer and a photocopy machine for the President (Witold Skwierczynski). C147 President Reiter reported on recent management plans to shut down offices and cut staff and plans which were underway to combat this. Reiter is C220's representative on the General Committee litigation committee (the group that decides on litigation for all the SSA components - field offices, Program Service Centers, OHA, Data Operation Centers, Local 923). She reported on the status of arbitrations and ULP's currently pending at the national level.

Perry Daley, 1st V.P. and Chair of C220's arbitration committee gave a report on pending litigation for our own component (i.e., field offices). 2nd V.P. John Riordan, reported status of pending ULP's while 3rd V.P. Cecelia McCarthy summarized the EEO committee activities.

In other significant action, the Council elected a 6 member Legislative Political Action Committee. C220 EVP Reiter was elected as chair of the committee, while June West of Phoenix, Arizona was elected as a member. Any employee who is interested in assisting this committee should write or call either June West or Gayla Reiter. West's address is: 1631 W. Chestnut Circle, Mesa, Arizona 85203.

Council Chief Steward - Charlie Estudillo; L2452 President Bernice Levy; and C220 Legislative Committee person - June West.

Reiter indicated that Data Operations Centers would be closed with their work contracted out to private industry (we have a DOC in Salinas). The DRT position would be abolished as would most clerical positions in offices.

All SSA claims would be finally authorized in District Offices thus eliminating the Claims Authorizer position from the Payment Center. The memo indicated personnel (DRT's, Claims Authorizers, etc.) would have to be transferred all over the country at considerable expense (high relocation costs and retraining expenses). The memo acknowledged the attendant disruption to our operation citing poor morale/productivity due to forced reassignments, retraining, lack of promotional opportunity for field employees due to a freeze on all hiring, coupled with necessity for reassigned PC personnel filling any field vacancy.

The same instructions also recommended closure of Teleservice Centers, Reiter told the panel members. "Hence not only would the elderly, disabled and disadvantaged suffer the hardships of traveling long distances to get Social Security offices, their ability to resolve problems by phone would also be taken away," she explained. "Staffing cuts would mean greater backlogs of work and longer waiting times once you get to an office," she continued. She pointed to the requirement for a face to face interview for SSI recipients at initial application and for each redetermination and explained SSA's plans would

Council 147 President Gayla Reiter at the 2/14/85 Budget hearings in S.F.

Budget Committee members at 2/14/85 hearing (Barbara Boxer, Pat Williams, George Miller, Vic Fazio, Del Latta)

adversely impact on those least able to handle it - the elderly and disabled.

Other changes would include contracting out certain work currently performed by SSA employees such as annual wage reporting, computer input, etc. "That is a brief sample of specific Grace Commission recommendations that are already being implemented in my agency," Reiter said. "However, they do not stop here, but rather entail extensive proposals which would seriously impact upon the pay, retirement and benefit system of federal employees. No employer can retain quality employees by continually denigrating them for subjecting them to arbitrary withdrawal of benefits long promised," Reiter continued.

Reiter told the panel that she has worked for SSA for 18 years. "I know the dedication, empathy, conscientious hard work of it's employees. I also have seen the distress, low morale, and actual defection of many of its most competent employees," she said. "They will no longer accept the long hours, lower pay than their private sector counterparts, poor benefit protections, and abuse to which they've been continously subjected," she stressed.

Reiter then examined various Administration proposals. Discussing the proposed 5% pay cut, she pointed out that existing law would require an 18.28% pay increase for federal employees to have pay comparable to those in private enterprise. She told the panel that since 1977, for every $1.00 increase in pay, prices have risen by $1.67. If the pay cut were to take affect, the average employee would lose more than $100 a month.

She discussed proposals affecting retirement such as increasing the retirement age from 55 to 65 and basing retirement on the 5 high years of

Cont. on page 4

Testimony cont.

earnings rather than the current high 3, as well as eliminating planned cost of living increases. "No single group of citizens has been asked to sacrifice more to balance the federal budget over the past four years than civil service retirees," she said.

In addition, Reiter noted cutbacks of the health benefits program. While 2/3 of all private sector employees have their employers pay for their health insurance, federal workers pay at least 40% of benefit costs. She outlined OPM's mandated lowering of coverage while raising premiums and deductibles for federal employeees.

"What we see proposed in President Reagan's budget strikes at the very life blood of federal employees and the various agencies at which they are employed," she said. "Conscientious employees are leaving their agencies with 15-25 years of service, no longer able to endure the unjust/unfair treatment. This experience and expertise are not readily replaced. Additionally, agencies decimated by harsh unthinking cuts are often left permanently crippled and ineffective," she stressed. "I am convinced that if the President's budget proposals are implemented, it will mean the destruction of the Civil Service System," Reiter concluded.

The House Budget Coaittee held hearings throughout the United States to hear individual citizens' comments on the President's budget recommendations. The California hearing was chaired by California Congressman Vic Fazio. Fazio is the hairman of the Budget Committee's Subcommitte on Income Security. Fazio placed such importance on such hearings. "This is their government (citizens) and their future we are talking about. And the Budget Committee wants to listen."

Marin County Congresswoman Barbara Boxer, who is also on the Budget Committee, stressed that the budget was not a freeze but a shift of spending programs from domestic programs to the military. "Why should we, as Members of Congress ask our people who need legal aid, who need senior housing, who rely on retirement pay, who need student loans, who can be assisted by the Small Business Administration - why should we ask these people to sacrifice so deeply, while allowing one sector of our budge to spend, spend with no restraint?" Boxer displayed a large chart which

Budget Committee (Mike Lowry, George Miller, Vic Fazio, Del Latta, Bobbie Fielder, Denny Smith).

dramatically displayed that federal employee's were drastically behind all other groups (SSA Medicare recipients, Military retirees, private pensioners) in terms of pay and benefits. Another panel member, California Congressman George Miller said, "That budget is not a blueprint for cutting spending; it is a roadmap for high deficits, trade imbalances, and fiscal instability."

Other panel members included Pat Williass of Montana, Del Latta of Ohio, Bobbie Fiedler of California and Denny Smith of Oregon.

Howard Egerman

TRAGEDY OF SIDS

As many of you know by now, Scotty and I lost our precious baby girl on 11/26/84. Words can not express the horror I experienced when the Pacifica Police called me at work saying Layla had been taken to the hospital by ambulance. We had just had a very happy Thanksgiving, and she'd seemed so healthy when I'd dropped her at the babysitters that morning. I rushed to the hospital where they informed me our baby was dead--apparently a victim of Sudden Infant Death Syndrome (SIDS - also known as crib death).

Though many people have never heard of SIDS, approximately 10,000 apparently healthy babies die of Sudden Infant Death Syndrome each year. There is usually no indication of any illness and no reason to suspect a given baby might succumb to SIDS, but each day roughly 30 babies do die of this tragic condition. Funding for SIDS research is grossly inadequate despite the fact that SIDS is the leading cause of death for all children under 15 years of age (SIDS normally strikes babies between 1 week and 6 months of age, but has occured as late as 18 - 24 months). SIDS annually kills more infants than cancer, heart disease, child abuse and cystic fibrosis combined, yet receives a miniscule fraction of the funding of any of these other diseases.

In 1974 Walter Mondale sponsored legislation which required collection of information (from post mortem exams), funds for research grants, as well as information and counseling for parents/families of SIDS. Our own Senator, Alan Cranston, was very influential in assuring the passage of the 1974 SIDs Act. Unfortunately this funding was short circuited in 1981 when President Reagan succeeded in getting the Omnibus Reconciliatio Act through Congress. This act changed direct federal funding and support for SIDS projects to block grant funding through state governments. Under the block grant concept many states have all but terminated their SIDS programs. California has gone from having a full time staff of 5 professionals, 3 clerical plus student aides prior to the 1981 switch, to its current one part time professional who works on SIDS projects less than 8 hours per week. Collection of data in California has virtually ceased due to lack of staffing.

The death of any child is a terrible tragedy--SIDS perhaps doubly so as it is so unexpected. Though it has occurred for centuries (there are biblical reports of crib deaths) in every country, ethnic group, social class and economic stratus--little actual knowledge exists as to its cause or possible prevention. Progress has been made in public awareness (at least now SIDS parents are rarely arrested as they were even 10 years ago for suspected child abuse, etc.), but so much needs to be done.

Layla Reiter Scott 6/7/84 - 11/26/84

The National SIDS Foundation had a meager $250,000 operating budget last year. With this they attempted to fund counseling projects in each of the 50 states, provide literature for professionals as well as SIDS parents, as well as fund medical research. There appears little likelihood of reversing the block grant funding during Reagan's term of office. For the time being, private funding seems to be the only viable way to attempt to avert these senseless deaths. It is truly tragic that funding for research is so limited.

I would like to appeal to each of you to consider a donation to this very deserving charity. If you donate to he Combined Federal Campaign, you can designate your contribution to the SIDS Foundation and I urge you to do so. You say belong to a church group or another organization that would consider donating to SIDS research. Donations are tax deductible. If you or your organization would like to make a contribution to help prevent these senseless deaths, you can write to: National SIDS Foundation; C/O Childrens Hospital; 51st and Grove Sts; Oakland CA 94609. If you have any suggestions concerning possible group contributors, fundraising activities, etc., please contact me. Thank you all for your understanding and support in this difficult time.

by Gayla Reiter

LOBBYING cont

Congressman Roybal met with the three unionists for over an hour Wednesday evening, 2/27/85, obtaining copies of documents as well as details on SSA's plans to reduce staffing and close offices. By fortunate coincidence, Secretary of HHS, Margaret Heckler, was to appear before the Appropriations Committee the next day. Roybal's staff stayed into the night reviewing the documents, preparing a press release as well as questions for Heckler. During the appropriations hearing the following day, Roybal questioned Heckler on SSA's plans to reduce staff and close offices. Heckler did admit there would be reductions, but would not give specifics. National media (A.M. America, UPI, AP, etc.) picked up the story interviewing Heckler and Roybal on national T.V. Council President Reiter has been questioned regarding office closures in numerous national and regional newspapers as well as radio features.

Congressman Fazio has continued to pursue these issues aggressively through budget hearings. He obtained a firm committment from GAO during budget hearings the week of 3/4/85 that they would give top priority to the requested impact study (i.e., how staffing reductions/office closures would affect SSA). HHS Secretary Margaret Heckler appeared before the Budget Committee 3/7/85. Fazio, acting as Chair of the Committee, questioned her closely on plans to reduce staffing and close offices as well as the consequent impact of these actions on service to the public. Heckler indicated she was committed to the concept of good public service and would cooperate with the upcoming GAO Study. She declined comment or Commissioner McSteen's memo calling 4% staff reductions of close to 20,000 employees.

Possible solutions to the staffing and employee benefits problem were discussed with various Congressmen and key Congressional Committees and their staffs. One possibility discussed was the passage of legislation co-sponsored by Congressman Roybal which seeks to make SSA an independent agency. Advocates feel separation of SSA from HHS would free the agency from the political pressures within OMB which often necessitate unwise staffing and budget cuts. However, even some supporters of the concept of independent agency express reservations as President Reagan would appoint the Directors of the new agency to lengthy terms of office. Varying versions of this legislation seek to address this problem.

Another approach, though fraught with legislative restrictions, involves attaching riders to the appropriations bill prohibiting SSA from reducing staff or closing offices. However, appropriations committees can not legislate, so riders would have to be carefully designed or may even require Rules changes for passage. One

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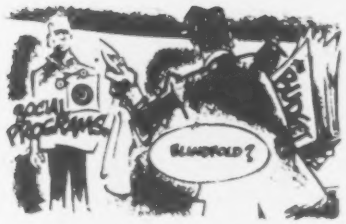


Appropriations Committee Congressman explained they had given SSA a large budget increase over that requested last year earmarking it for increased staffing. Despite this, he reported that SSA did not use the monies to increase staff and had actually reduced staff. Whether there would be sufficient support to override the rules in order to pass line budgetary requirements (i.e., staffing, office space, equipment) was problematic. Such appropriations directives would prohibit SSA from administratively dismantling offices and reducing staff.

Your Union has been working diligently to perserve your job, your G.S. grade, your pay, your retirement, as well as your benefits. Though union leaders willingly donate their time, these efforts are expensive. Airfare to Washington, D.C., hotels, LWOP (we can't do this on official time), and taxis are expensive, albeit crucial, if we are to get our point across to Congress. Our very lifeblood is at stake, we can no longer look the other way and assume everything will be allright.

The current budget proposals and internal SSA documents indicate management is well on their way in implementing the Grace Commission reports. The Senate Budget Committee has already introduced the legislation President Reagan proposed regarding federal employees (i.e., a 5% pay cut, massive changes to our retirement system, no cost of living adjustments, etc.). Every employee will be sorely affected by these measures. This administration has made clear it's ultimate intent is to dismantle the Social Security Administration. We can not allow that to happen! Coalitions are being formed with advocacy groups like the Grey Panthers, A.A.R.P., Center for Independent Living, etc. If you are willing to talk to one of these groups or if you wish to help in any other way, contact your nearest LPD or myself. Each of you can make an impact by writing to your Congressmen (addresses are included in this issue). If you have not joined the union, do so immediately! (Application on next to last page of this issue. Tear out the application in this issue and mail it to your Local Treasurer today! If you are already a member, get another employee in your office to sign up today!

by Gayla Reiter

Dismantling SSA

Look around your office. Count the number of employees. Include management in your total. Divide by three. If the Administration's SSA personnel plan is adopted, every third person in your office would be eliminated.

But before you start figuring your seniority and begin estimating others' service computation dates, don't forget the office in which you are doing your calculations also might not exist in the future. SSA's plan is to cut between 20 and 30% of SSA's personnel in order to reduce the budget deficit and to shut down as many as 800 Social Security offices.

In response to President Reagan's budget proposals and a consequent demand by OMB to drastically reduce staffing and administrative costs, Acting SSA Commissioner Martha McSteen issued a 12/11/84 memo which would reduce staff, contract out major job functions, as well as potentially change our staffing mix and grade structure. If put into action, 20,000 or more employees will be cut from the Agency's workforce within the next 3-4 years. Council President, Gayla Reiter notes that this represents a reduction of almost 1/3 of the Agency's employees.

Part of the planned cost savings are to be accomplished by closing hundreds of DO's and BO's throughout the country. According to Reiter, management instructions indicate that most offices with under 15 employees would close and any metropolitan office with 25 employees or less that is within 25 miles of another SSA office would close. Reiter estimates that more than 50% of SSA offices nationwide would close, roughly 800 offices. She believes that 12 offices in the Bay Area would be targeted for closure with a total of over 70 throughout the State of California.

Field offices, however, would not be the only components to close. Teleservice Centers are to be considered for closure as well - transferring this function back to the District offices. In addition, data operations centers would be abolished with their work contracted out to private enterprise. (This Region has a large DOC in Salinas, California)

The 12/11/84 plan by McSteen anticipates elimination of the DAT position along with most CDC positions. In addition there would be major shifts (a combination of voluntary and forced reassignments) of personnel throughout the country to different positions as well as new work locations (duty stations).

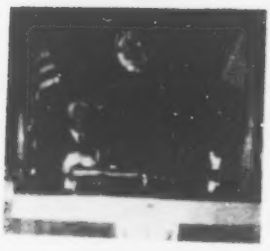
The memo states: "The movement will require many forced placements. . . . the morale and productivity of any employee forced to change jobs will be low."

Council President Gayla Reiter is fighting this plan through testifying at Congressional hearings (Budget hearings and Commission on Aging hearings) held by California Congressmen Vic Fazio and Tom Lantos and personally lobbying Congressmen and Senators in Washington, D.C. Mike Coden (LPD Fairfield) and Bernice Levy (President Local 2452) recently joined Reiter in Washington, D.C. for extensive meetings with key Senators and Congressmen as well as the staff of relevent committees (Budget, Appropriations, Social Security Subcommittee, Aging Commission, etc.).

Opposition to the plan has already come in from some Congressmen. Ed Roybal, the Los Angeles Representative who chairs the House Select Committee on Aging, notes that the Agency spends less than 2% of its total outlay on administrative costs. "And if a 20% reduction in staff results in just a 2% increase in the overpayment rate, there would be a $3.75 billion increase in overpayments in 1986 alone," he said noting that the personnel savings would be totally wiped out by the anticipated increase in overpayment.

Quoting Roybal in her congressional testimony, Reiter noted that SSA currently had a payment accuracy rate of 99.6%. "Where is the effiency or economy in dismembering such an effective organization," she asked?

" Takes From the Cutting Room



Congressman Tom Lantos conducting House Aging committee hearings 2/13/85.

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Graceful Performance

The word "grace" has a new definition for most federal workers. No longer does it mean a state of sanctification or virtue coming from God. Rather many federal workers upon hearing the word, think of a man, J. Peter Grace, Chairman of the President's Private Sector Survey on Cost Control, whose recommendations could have a profound affect on them.

The opportunity therefore to see this man perform "up close and personal" before the recent House Budget Committee hearing was truly an occasion. That event was heralded by an entire press package that the UNION LINE received upon entering the hearing room. The package was housed in a portfolio with a picture of the White House on the front. On the left side was a Grace biography of 5 pages, a reprint of a NEW YORK TIMES article Mr. Grace had written in September 1984, the text of President Reagan's State of the Union message, a Grace Commission chronology, a January press release, a glossy 8 by 10 photograph of Mr. Grace and a reprint of an article from the February 1985 issue of READER'S DIGEST. The right side contained roughly 100 pages summarizing Grace Commission findings and listing the members of each tax force. An additional press release and the testimony for February 14 completed the package.

Grace's testimony was colorful, featuring a strong delivery from a man of advanced age. "Right now we're robbing piggy banks, we're engaging in intergenerational rape," he told the members. "It isn't compassionate to be inefficient," he said. "It is compassionate to feed a hungry child. It is inefficient to feed the same child six or more meals a day."

J. Peter Grace before House Budget Committee - B.F.

REAGAN'S
INCREDIBLE
SHRINKING GOVERNMENT
SHOW
"THIS TIME THE GREAT ROM WILL SHRINK AN EVEN BIGGER GOVERNMENT THAN FOUR YEARS AGO!"

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Turning to federal workers he said that "reform" of the retirement system could save $4.1 billion from 1986-1988 noting that he felt federal employees typically

retired earlier than private sector counterparts.

He noted that the deficit would cause problems for future citizens. "And when our kids grow up and realize what we've done to them, the question is, will they ever forgive us?"

Grace seemed to be a man willing to use time only to speak and answer questions. He had no time to listen to the other members of the panel and told Fazio he wanted to leave after the Committee was finished with him. Although he was to testify third, he remained outside the hearing room until the others had finsihed. He presented a brusk, arrogant attitude throughout his testimony.

Congresswoman Boxer commented on the fact that while Grace had noted examples of military spending abuse ($740 toilet seats), the President had failed to incorporate any cuts for this group in his budget. Grace responded he didn't think Defense Secretary Caspar Weinberger "has taken a position yet on the toilet seat." Boxer countered by asking Grace how many military bases Reagan and Weinberger had proposed closing (Grace's report had proposed closing 3,600 bases). Grace said Reagan and Weinberger were "probably going to lunch," but he'd find out for her later. (See page ___ for an analysis of Grace Comm. recommendations.

Howard Egerman

Smith Award Update

Professor Justin Smith reconvened the official time arbitration Jan 22-23, 1985 in San Francisco. Council 147 President, Gayla Reiter, continued as Representative for the Union calling Council 220 President Witold Skwierczynski and Council 220 2nd VP, John Riordan , as witnesses. The hearing focused on procedural questions such as how denials of official time after the July 1984 claims process were to be handled; how to handle disagreements on individual official time denials, as well as arguments over interpretation of some of the issues in Smith's award. Two of the major areas of interpretative dispute involved issue 23 (training) and issue 22 (administrative leave or compensatory time for time spent on evenings or weekends due to official time/LWOP or Annuals Leave denials).

The arbitrator ordered a court reporter to be present and though the agency initially indicated they would not pay for the transcript, they reversed their position after oral argument. The arbitrator also supported Reiter's motion requiring the agency to furnish the union and the arbitrator copies of all claims and responses submitted in the initial claims procedure. The arbitrator indicated his current plans were to sit down with the Union Rep and agency rep and review each denied claim. He would issue immediate orders where sufficient information existed from the written claim. Other claims procedure denials would be referred for hearings.

During the opening day of the hearing, Agency Rep, Wilson Schuerholz, adamantly insisted that any denial occuring after the 7/84 claims procedure was not protected by Smith's award. Reiter carefully examined John Riordan (who had been the Technical Assistant on the grievance and knew of agency agreements throughout the Section 10 discussions as well as the arbitrability hearing) on Schuerholz's allegations. Witold Skwierczynski testified concerning committments made by the agency at the 5/84 M.O.U. meeting during which the union and agency reached agreement on how to apply Smith's award to the backlog of denials.

Schuerholz returned the following day recanting his position and admitting Paul Area (agency witness and agency Chief Negotiator at the 5/84 M.O.U. session) had confirmed the union's position. Hence, an agreement was reached that another claims procedure would be designed to handle official time denials from the date of the 7/84 prior claims procedure until such time as Smith finalized his award. It was understood that Smith still retained jurisdiction over any disputes arising under either claims procedure.

Both parties and the arbitrator are looking forward to the conclusion of this mammoth case which has been in process since 7/82. To date this grievance has covered literally thousands of individual disputes over official time.

Gayla Reiter

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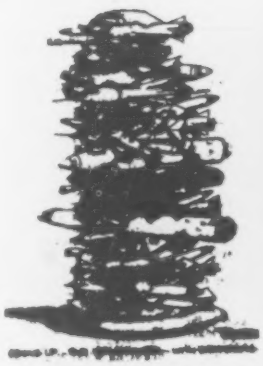

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IMPORTANT PHONE NUMBERS

Want to get up to date information on Washington happenings that affect your pay, your job and your future? There are a number of phone numbers you can dial.

AFGE hotline (202) 789-8995 provides up to the minute information on important pieces of legislation affecting all of us.

The Legislative Information Status Office (202) 225-1772 provides information about pending bills and hearings. This office is open 9 a.m. to 6 p.m. Monday to Friday (all times are eastern times).

People wishing to leave messages for President Reagan on various issues such as the budget can do so by calling (202)456-7639. This is the White House Comments Office and is open 9 a.m. to 6 p.m. Monday to Friday.

Other phone numbers provide information recorded on the latest legislative activity.

(202) 224-8541 Senate Democrats
(202) 224-8601 Senate Republicans
(202) 225-7400 House Democrats
(202) 225-7430 House Republicans

Payday With No PAYCHECK

Every other Tuesday, payday, is the one day that most employees look forward to, particularly since increasing costs coupled with decreasing payroll increases have caused many to live from paycheck to paycheck. But suppose one of these Tuesdays saw you without a check, or with a check that was slashed due to a purported overpayment? What would you do? You say it can't happen here, it's 1985 -- or can it? This scenario can and has occurred to many SSA employees all over the United States due to SSA management's failure to abide by the salary offset provisions of the law. A case in point has been our Council President - SSA has offset Gayla Reiter's salary twice since the first of the year and offset Council 220 President Witold Skwierczynski's salary twice last year.

What is salary offset? Salary offset is similar to the overpayment recovery actions taken against overpaid SSA and SSI beneficiaries: recovery is made against an individual's check with the employee receiving a reduced check or no check at all. However, as Council 147 President Gayla Reiter recently pointed out, current SSA policy does not afford the same due process and appeal rights to SSA's employees that we provide to every claimant.

Reiter notes that many employees have found themselves with all or part of their checks withheld to collect alleged overpayments resulting from situations which were often not the employees's fault. Such "overpayments" have occurred from errors such as SSA's failure to withhold state tax, collect the correct amount of health insurance premiums, or make the proper Medicare deductions.

She explains that Union officials have been a special target of these salary offset provisions due to their frequency of travel and to the nature of the review their travel claims receive. Unlike other employees and management officials, their claims are sent for a separate review in the Labor Relations Branch, before being sent on to the travel branch for another review. At each step additional documentation can be requested. Reiter has some travel vouchers pending dating back to 1982.

Congress enacted Public Law 97-365 in 1982 to address the issue of salary offset for federal employees. This law set forth procedures for all agencies to follow prior to offsetting an employee's salary. It, in essence, codified the due process provisions of several important Supreme Court decisions. If management disallows an expense or applies a policy differently, they could and have offset the Union official's salary to collect what they term to be an "overpayment."

Ironically, many of these decisions arose out of Social Security case law: Buffington/Binder, Yamaski vs. Califano and Goldberg vs. Kelly. This law and the Supreme Court decisions prior to the law's enactment require all agencies to give written advance notice (PL 97-365 says at least 30 days written notice is required) stating the exact reason for the overpayment. The overpaid individual is entitled to copies of all documents relating to the overpayment showing the amount of the overpayment and how it was computed. The overpaid person is entitled to a hearing before an ALJ outside of SSA prior to having their salary offset. No more than 15% of net pay can be withheld unless the overpaid person enters into a voluntary written agreement to permit this.

Once Public Law 97-365 passed, the Union (via the SSA General Committee) started writing to management asking to bargain over procedures. Management delayed responding, giving only non-responsive replies, refusing to bargain and asserting nothing could interfere with "management's common law right" to offset employees' salaries. Barry Nelson, Chairman of the General Committee's Litigation Committee, filed an Unfair Labor Practice over management's refusal to bargain on this issue, but withdrew the charge when the Federal Labor Relations Authority advised him that they felt our only remedy was "through the Courts."

SSA has not changed their policies relative to salary offset despite the Office of Personnel Management's (OPM's) publication of final implementing regulations which require agencies to have implementing procedures and policies in place in conformance with PL-97-365 prior to offsetting any employee's salary. The OPM regulations reaffirm the due process rights of employees - guaranteeing opportunity for written notice and oral hearing prior to any offset.

Reiter stated that there have been grievances filed on this issue in offices throughout the country. It is commonplace for employees to have no

Cont. on page 11

Paycheck cont.

notice at all of an offset - they first learn about an alledged overpayment when they receive a drastically slashed or no paycheck. Any employee who has had his or her salary offset with improper notice or no opportunity for a hearing prior to an offset, should send full documentation to Gayla at: 501 Lynbrook Drive, Pacifica CA 94044.

Reiter did file for a temporary restraining order in Federal District Court in December 1984 seeing to prohibit SSA from violating PL 97-365. The Judge declined to grant the order stating that he did not feel the test of "irreparable harm" was met. She has written to national AFGE asking them to file a class action suit on this subject for all federal employees.

Additionally, she has written to numerous key Congressmen supplying documentation, case law, etc. Congressman Peter Stark has expressed considerable interest - he has called Nelson Sabatini, Acting Commissioner for Management and Budget questioning SSA's policies. Dissatisfied with Sabatini's response, Stark is pressing for Congressional hearings on two issues: 1) SSA's failure to abide by PL 97-365 and 2) SSA's harassment of Union officials.

Individuals who are concerned about this issue are encouraged to write their own Congressman/woman.

Gayla Reiter and Howard Egerman

WRITE CONGRESS TODAY!

C147 Council meeting (left to right - Peter Benton, Howard Egerman, Bob DePillis, Jim Ruby, Sandy Mathis, Gayla Reiter, Sharon Ragland, Bernice Levy, Charlie Estudillo, June West, Barbara McDaniels).

ELECTION RESULTS

The U.S. government was not the only organization to hold 1984 elections. AFGE had its own share of elections and election results.

Council 147 conducted elections at the December 1984 Council meeting to fill 2 vacant positions. Jeanette Perkins of the Compton, California, Social Security Office, was elected Executive Vice President. Charlie Estudillo, a Santa Rosa DO CR, was elected the Council's Chief Steward.

Perkins replaces Jan O'Neal who resigned her duties to enter law school at the University of Santa Clara. Estudillo replaces Barbara Lawson of the Chula Vista, California, office. UNION LINE wishes to congratulate the new Council officials and offer its thanks and good luck to both Ms. O'Neal and Ms. Lawson.

Local 2452, the Los Angeles Area Local, also recently had elections. Bernice Levy, Council 147's Women's Coordinator, was elected Local President. Jim Ruby of the Watts office, was elected Vice President. Karen Meillio was elected Secretary; Mike Brown, Chief Steward; Dan Neff, Sgt at arms. People elected as delegates to Council 147 were: Peter Benton, Bert Gant, Ronnie Ewing, Jim Ruby, Dan Neff, Karen Meillio, and Bernice Levy.

Howard Egerman

L2879 Treasurer Sandy Matthis and 3172 delgate Bob DePillis

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ARIZONA WINS

Things are heating up in Arizona where Local 3494 President Elaine Klein is making AFGE's presence known with grievance victories.

In Tuscon, the DO Union Rep found himself in a strange position; he had been reassigned from his position of OA to CR and he was being supervised by a temporarily-appointed OS. This new OS had given him several 1's on his appraisal. He received his progress reviews on March 1, 1984.

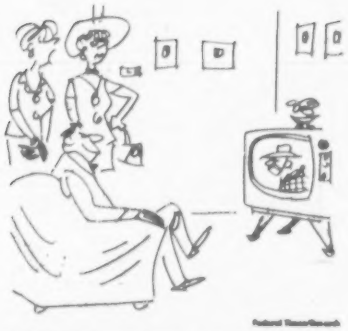
Elaine Klein filed a grievance on his unsatisfactory appraisal. The grievance was denied by the CR's supervisor and Klein forwarded it to the second stage official, the Assistant District Manager. She informed him that Article 21, Section 7B of the National Agreement provides for two progress reviews during an employee's appraisal period. Secton 7B (2) noted that a progress review is to be held 90 to 120 days following the establishment of a new performance period; the CR recieved his first progress review over 120 days after the period began. In addition, Klein mentioned that the second review occurred on the first day of the new appraisal period; an appraisal period concludes on September 30 of each year.

Management accepted Klein's arguments and changed the CR's rating to the same appraisal grades he received the previous year. She was also able to get management to remove from the CR's March 1984 progress review a critique of a 1983 claim. The CR did not take this claim, but had inherited it from another employee (the temporarily-assigned supervisor.)

Klein informed management that the CR was a permanent part-time employee who normally worked 32 hours a week. As a Union Rep and leader in his Local, he normally spent 8 hours a week on his Union duties. The employee, however, had been given the same workload as full-time workers. Klein argued that such a case load was unfair. Management agreed and adjusted his workload to what was to be expected for someone who worked 24 hours a week (giving him credit for time off the job due to Union activities).

In another situation, a SR in the Tuscon area had a medical problem. She had to take allergy shots every week. Normally, this required her to take several hours of leave off each week for medical appointments. Her OS, complained about this and these complaints sometimes caused the employee to cancel her appointments.

On one week when she did not get her shots, the SR became ill and called her OS to request leave. The OS approved



"I don't care for vasectomy myself, but my husband likes to pretend the head guys are people at his office."

the sick leave but became angry and called the employee at home at least three times during the day. During one of the OS's calls, a man answered the phone and told the supervisor that the employee was not at home. The SR was actually asleep. However, the OS had not identified herself and the person answering the phone was trying to avoid disturbing the employee. One of the phone calls upset the SR so much, that she hung up on the OS. The supervisor documented these calls in a memorandum. The employee filed a grievance and had Elaine Klein as her representative.

The employee's grievance on harassment was denied at both the first and second stages. However, at the third stage, the Area Director agreed with Klein's contention that the OS had made improper use of the employee's 7-B file to obtain her phone number and call her repeatedly. The Area Director agreed to have the memorandum removed from the grievant's file because it was in the Area Director's words in . . . "response to an incident not pertinent to leave usage."

As was noted in the October 1984 issue of UNION LINE, probationary employees cannot grieve terminations during their first year of work with the government. However, a probationary employee at the Phoenix Teleservice Center grieved some of the material that was used in making the decision to terminate him. He indicated that he might wish to obtain future federal employment and felt that the material could affect any federal jobs he might be offered in the future--so he filed a grievance. His representative? Elaine Klein. Achieving no relief at the first and second stages, she made her argument before the Area Director who agreed to have the material removed from the employees's files.

Keep up the good work, Elaine!

- M. Egeraan

Grace LESS Proposals

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A national lobbying campaign, Citizens Against Waste, has been launched to support the goals of the Grace Commission. W.R. Grace and columnist Jack Anderson are serving as co-chairmen of the multi-million dollar effort. Los Angeles Mayor Tom Bradley serves as one of the group's board of directors.

The organization will feature television ads; radio announcements and newspaper articles. The organization is even offering an information packet which may be ordered by calling 1-800 USA-DEBT.

The Grace Commision's report has been widely criticized for sloppy fact finding and inaccurate conclusions. There's no doubt that its recommendations would be devasting to federal employees. Among their recommendations were:

1) 50% or more reduction in staffing for all Social Security programs.

2) Closing over 75% of all DO's and DO's - (he wants only 500 of the 1370 offices to remain functional).

3) Drastically reducing or eliminating sick and annual leave.

4) Major revisions in the retirement system such as :

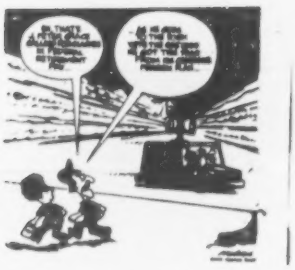
a) requiring employee contributions for retirement to be raised from 7% to 11%.

b) raising the retirement age to 65.

c) basing future annuities on the high 5 years of average salary rather than the present high 3.

d) limit retirees' cost of living adjustments.

We, as federal employees, have long been the brunt of unfair, deceptive myths - You know the ones! Federal employees are lazy, overpaid, are at the public trough, never leave their soft government jobs, can't compete in the private market place, have more benefits and higher pay, but less work and responsibility. We all know the absolute idiocy of these myths and now



is the time to counteract them! We must demonstrate these proposals are not in the public interest!!

It is no coincidence that many of the companies involved with promoting the Grace Commission concept have a great stake in getting the federal bureacracy off their back. Some reasons include gigantic tax breals, milking defense department contracts, direct federal subsidies, an opportunity to lower wages and benefits to their own employees if government wages and benefits are lower.

As an example of why such companies want fewer federal contacts, one need only look at a Grace Company subsidary, Rapoca Energy. This company was fined $302,327 for violation of government regulations concerning strip mining. With fewer government employees, such fines might not occur.

It is also interesting to note that while Mr. Grace himself is a critic of what he terms an overly generous Civil Service Retirement system, he nevertheless, willingly collects his yearly pension of about $400,000. Even the highest paid federal manager could never collect such a pension from the Civil Service Retirement Systems.

Individuals alarmed at the Grace Commission proposals might wish to write their Congressional Representatives and Senators on this issue. This has become an even more immediate concern due to HHS's acknowledgement in this year's budget justification to Congress that they had already implemented 80% of the Grace Commission recommendations. The huge projected staff reductions as well as office closures are not a coincidence.

Howard Egerman

NORM, WHAT KIND OF HEALTH PLAN DID YOU CHOOSE?
OH, I FOUND A REAL BARGAIN FRED!
IN AN EMERGENCY THEY GUARANTEE AT LEAST A BANDAID AND TWO ASPIRINS!

INVASION of the Temporaries

All federal employees are created equal. A simple statement, correct? A recent policy initiated by the Office of Personnel Management, OPM, has changed this inalienable right.

Instead of full time employees, Agencies have been encouraged to hire temporaries who could hold their appointments for up to four years. An extension even beyond this period of time could be granted by OPM. These new employees could be fired at any time with no right to grieve their termination and would not be entitled to health insurance, retirement or any other benefits that regular career appointment employees have.

In the past temporaries could be hired only up to the GS-7 level, preventing them from reaching journeyman CR positions, for instance. Under the new regulations, temporary employment extends to GS-12, a level which includes many management positions.

Additionally, temporary employees will be hired on a non-competitive basis with management under no obligation to complete a roster or establish a best qualified list. Critics have complained that such a practice would politicize the federal service and prevent individuals from having equal employment opportunities.

OPM claims that individual agencies will be permitted to hire employees under this system at a time "when future funding and workload levels are uncertain or when it is anticipated that funding levels will be reduced or that activity will be reorganized." Union officials note that this condition applies to all Agencies at present.

Donald Devine, OPM Director states that this policy enables agencies to adjust to 'budget cuts' and 'contracting out' hence arguing such employees are "cost effective." AFGE National President Kenneth Blaylock, on the other hand, indicates that such workers will not be as productive as full-time employees. They would not have as much at stake in their work, since they could be fired at any time and would be apt to leave at any time as well for a position that provided them with fringe benefits.

Congresswoman Patricia Schroeder of Colorado, the Chair of the House Civil Service Subcommittee called the new policy another thing "to make federal employees feel that they are the scum of the earth." She believes that it will hurt morale. "A lot of us wish the first one to sign up for temporary employment is Mr. Devine" she said.

Loretta Ucelli, an Assistant to AFGE President Blaylock noted, "The United States government is the largest employer of the free world. Are you going to run that government like a mom and pop shop or run it like a model institution with a quality work force that's well trained and dedicated?"

Howard Egerman

'HEY, HERE COME THE NEW TEMPORARIES!'

W.R. Grace & Company Products and Services

UNION LINE thought that its readers might be interested in products and services affiliated with W.R. Grace & Company.

Wondergro products & chemicals
Peter's Water Soluable fertizers
Carr Better Feeds (livestock feed)
Herman's Sporting Goods
Channel, Handy Dan, Orchard Supply Hardware, Cashway, Angels, Handy City & House Works--all trade names for Grace home improvement centers
Berms The Leather Experts
J.B. Robinson Jewelers
Shepliers Restaurants
Gladstone's 4 Fish
R.J.'s--The Rib Joint
Del Taco and Del Taco Mexican Cafe
T.J. Applebee's
El Torito Restaurant
Tequila Willie's
LaFiesta
Annie's Santa Fe
Who-Song and Larry's Cantina
Que Pasa
Rosa Corna

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CDC Wins Promotion, Backpay

"It is our decision, after review of the entire investigative files, that the evidence gathered during the investigations, does support a finding of discrimination," wrote Nelson J. Sabatini, Association Commissioner for Management, Budget and Personnel in a recent letter to Union Representative Bernice Levy.

Levy represented a Culver City, California, CDC who filed an Equal Employment Opportunity (EEO) complaint on the basis of discrimination for race (black) and sex (female) when she was not selected for an SR position in the Santa Monica District. The announcement for this position was dated March 14, 1980.

The settlement provided for back pay and retroactive promotion (to May 4, 1980, the date the selection took place) to a position as either an SR or DRT. The CDC filed her complaint shortly after the selection was announced. The informal counseling process took place with the EEO investigation during May and June of 1980. In June 1980, a formal complaint was filed. A report was issued to the Agency by September.

Two years later a supplemental investigation was conducted and a report submitted in October 1982. Attempts were made to resolve the complaint in September 1980, October 1980 and December 1982. However, at these times, individuals in the Office of Field Operations refused to grant the request for back pay and retroactive promotion. Finally in September 1984, Associate Commissioner Sabatini agreed to do this.

Nine applicants (3 males, 1 black, 2 white); 6 females (2 black 1 white, 3 unknown) filed for the announced vacancy in 1980. The CDC (complainant was one of 5 individuals on the best qualified (BQ) list. That list included 2 black females, 1 black male, 1 white male and 1 female race unknown. The individual selected for the position was the white male.

The same day that the complainant filed her formal action, June 16, 1980, the Santa Monica District Manager made another selection from the same BQ list; this selection was the other black female who was on the list. The CDC alleged that she was not selected for this second vacancy due to her EEO complaint.

At the EEO hearing, the CDC stated that the white male selected for the position had much less experience than she did. He had worked for the Agency for less than 1 year and she had six years of experience. In addition, she pointed out that she had specialized job experience working on the reception desk, working with both title 2 and title 16 claims as well as redeterminations. She also noted that she had conducted interviews both in person and over the telephone on account number issues.

Shortly after the first selection was made, the complainant's Branch Manager told her that her leave record prevented her from being promoted. She told the EEO Hearing Official that her leave requests were always approved, that she had received no leave counseling and at the time of the first selection she had had a positive leave balance of 48 hours of annual and sick leave. Evidence submitted for the record indicated that her office management considered leave balances of 40 hours satisfactory. It was also noted that leave balances were not listed as a part of the merit promotion selection process.

The EEO Hearing Officer found that the complainant's was "well qualified for the job" and that her qualification were "superior" to the selectee's. Evidence submitted on her behalf revealed that she had trained other CDC's in the office and was considered "one of the two best" CDC's in her office. She was ranked second on the BQ list and received 21 more points than the male who was selected to the position. The black female selected for the other position was trained by the complainant. Management had alleged that the complainant was not selected due to a lack of enthusiasm or lethargic attitude toward her work. The EEO official found that her desk audit, performance discussion, testimony of her immediate supervisor and other employees with whom she worked "clearly refute management's allegation."

In looking at the leave issue, he noted that leave records were not normally forwarded with promotional packages and that it could not be "determined if management's evaluation of the leave balances useage was done from actual records or from the recall of panel members." Also, he noted that no evidence was submitted to indicate what type of leave balance would preclude selection to a position.

Testimony also indicated that the complainant had a history of treatment for high blood pressure. This condition sometimes required her to take an hour or more of leave as a result of a reaction to one of her medications. "For this reason, there is an added burden on management to make reasonable accomodation to the employee's handicap," the officer stated. In addition, the employee was pregnant during the period of leave usage in question.

Management told the officer that the complainant was counseled about her use of leave. However, the evidence revealed that the counseling occurred following her non-selection. Furthermore, her 7-B extension file did not reflect any leave counseling.

"We can draw but two inferences from management's actions," wrote the Officer. "Initially, complainant was not selcted because of her race or sex, and subsequently she was not selected in reprisal for having filed a discrimination complaint about her first non-selection."

Howard Egerman

Union Supports Blind CR's

The Regional EEO Committee invited the Region's blind CR's as well as Council President Gayla Reiter to their recent February meeting. Jack Wood (San Mateo DO CR), Don Roberts (Chico CR), Jan Crump (Phoenix CR), Ernie Basaney (Glendale) and Steve Welshift (Mission DO) discussed their job, support services available in their DO as well as needs they'd identified to make their job easier.

Most of the CR's felt it would be advantageous to have an additional versabraille machine - one for input and one to print out material. All had experienced frustrating mechanical breakdowns with their machines with attendant difficulty getting the contractor to do timely repairs.

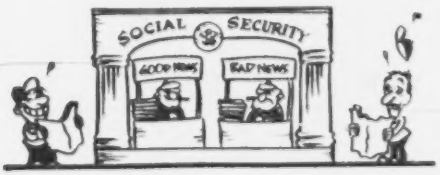
FOSE was a topic of interest - the CR's wanted to know whether they would have access to FOSE when other CR's did. Amalda Martinez, Regional Director of the EEO staff, indicated that Herb Doggette had informed her recently that blind CR's would have FOSE access at the same time other CR's did. She reported that there is a blind CR in one of the test offices for FOSE.

Two of the CR's expressed concern over unrealistic performance expectations. They reported on their own difficulties as well as partially sighted friends who were sometimes told they had to produce the same volume of work as their sighted colleagues.

Difficulties with obtaining and retaining qualified readers was discussed. Don Robert's reader is a "contracted-out" employee who SSA treats as a self employed contractor (an arrangement that seems to conflict with our claims guidelines - i.e., she certainly seems to meet all the tests and should be considered an employee, not self-employed," he noted.)

All CR's agreed that they needed to receive the PDMS on versabraille. Apparently Central Office has the capacity to issue transmittals in Braille, but no Braille PDMS are available. This and other needs of blind CR's were discussed at Council 220's recent caucus. We have put this issue on the agenda for discussion with Commissioner McSteen in the upcoming Commissioner's Meeting.

Gayla Reiter



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Union Rep Training

Over 200 Union Reps from California, Nevada and Arizona attended Council 147's union rep training this last December. The training, which was held at the Aladdin Hotel in Las Vegas, Nevada, provided a broad overview for stewards to their representational responsibilities.

Tom Angelo, an Arbitrator and former Regional Attorney for the Federal Labor Relations Authority, provided instruction on unfair labor practices, formal discussions, and the bargaining process. John Gage, President of Local 1923 (Central Office) in Baltimore, Maryland, provided information on the Supplemental Health Insurance Plan.

Neil Davis from National Office of AFGE spoke about health and safety issues, stressing research that was being done on video display terminal (VDTs) and indoor air pollution.

Gayla Reiter, President of Council 147, discussed grievance procedures, disciplinary actions, as well as official time (how to get it, what to do if time was denied, the Smith Award, etc.). An explanation of the worker's compensation process for federal employees was given by Tom Traver, a Claims Examiner for the Worker's Compensation Board. Council representatives Bernice Levy, Bill Fraser and Charlie Estudillo provided participants with a workshop on how to handle equal employment opportunity complaints.

Council President Reiter had considerable discussion and correspondence with Regional Office attempting to obtain official time (as guaranteed by the Smith Award) for the training. Her requests were denied, so the training was held on a Saturday and Sunday. However, the Council will submit claims under the Smith Award asking that each rep who attended training be reimbursed 16 hours comp time due to the improper refusal to provide official time.

Gayla Reiter

Work More, Pay Less

Will you be better off this October than you were last October? Not, if the Administration's proposal for a 5% pay cut is put into affect on October 1, 1985, the start of the new fiscal year. The proposal has been made as a part of President Reagan's drive to reduce the federal deficit.

While a study undertaken by the Office of Personnel Management, OPM, claims that federal employees are overpaid, other documentation contradicts that assertion. A job to job comparison reveals that federal workers are 14.8% behind their counterparts in the private sector. Since 1977 private sector wages have increased 11.6% more than federal worker pay. In seven out of the last eight years, private sector hourly earnings have outdistanced federal pay increases.

This trend can also be seen in pure dollar and cents terms. Since 1977 for every dollar increase in federal pay, prices have risen by $1.67. Overall prices for this period have increased 84.9% while federal pay increases have totaled only 38.9%. Pay increases have in effect, put workers further behind, not ahead of other workers.

However, OPM argues that the manner in which federal pay is determined is incorrect. In a report entitled "Reforming Federal Pay," that Agency claims that the main reason federal employees are overpaid is that fewer employees quit than those in the private sector. As such, they are proposing that federal pay be based upon the rate at which employees quit their jobs and that rate, rather than comparability be used as a keystone in raising and lowering pay. This method of setting pay schedules would require Congressional enactment.

If adopted however, the plan would give a full comparability pay raise to workers in jobs and grades with quit rates between 7 and 12%. One-half comparability would apply to those in jobs and grades with quit rates between 3 and 7% and no pay raise would apply to those in groups with quit rates less than 3%.

Additionally, OPM fails to consider the increase in federal employee payroll deductions. During the last four years the cost for federal worker health insurance has gone up over 50% with many plans offering employees less coverage than they have had in the past. In addition, employees have had to pay a 1.5% Medcare tax. This is in contrast to the numerous employees in the private sector who receive free health, dental and other insurance coverage not granted to federal employees.

Individuals concerned about the proposed federal pay cut and/or method of changing federal pay might wish to write their individual Congressmen, Congresswomen, and Senators. Addresses are(Name of Your Representative),U.S. House of Representatives, Washington,D.C. 20515; and (Name of Your U.S. Senator), U.S. Senate, Washington, D.C. 20510.

H. Egerman

AFGE Child Care

Child care is an issue that affects many employees. Article 20 of the National Agreement deals specifically with this issue and provides for a feasibility study for a model child care center in central office in Baltimore. In addition, Article 20, Section 3 states that the head of each installation or appropriate designee will provide inquiring employees with listings of qualified, licensed day care centers in the immediate area. Section 4 notes that during the orientation of new employees, the subject of available or adequate child care centers will be covered, if appropriate.

Recognizing this concern, AFGE is planning on becoming the first federal employee union to become involved in daycare. Barbara Hutchinson, National AFGE Women's Coordinator, said that the Union is going to start a pilot program to see if AFGE can provide daycare at a lower cost than private contractors.

The plan would feature AFGE selecting three cities as sites for a pilot project. This program was approved by the last national AFGE convention in Cleveland. The child care centers would be open to union members and the public at large.

Individuals should be aware that AFGE is working on a variety of issues affecting employees. Joining AFGE insures that programs such as daycare for working parents get funded.

LATELY I SPEND SO MUCH TIME WORRYING...
...ABOUT A PAY FREEZE, A PAY CUT, PAY EQUITY, ASBESTOS, POLYGRAPHS, RIFs, CONTRACTING-OUT, ETC...
...I HAVEN'T ANY TIME LEFT TO DO MY WORK...

LA Sex Bias Settlement

"Women in Federal Offices Settle Sex Bias Case," read the headline of a recent LOS ANGELES TIMES article by reporter Penelope McMillan. The article dealt with a recent class action sexual harassment suit filed by women in the Hollywood and Crenshaw SSA offices.

As many as 285 women "who are, were, would have been or will be supervised by the current district manager of the Inglewood, California District," were affected by the suit said the article.

The women can file, under terms of the settlement agreement for such types of "remedial relief" as backpay, retroactive promotions or priority promotion consideration. Mari Otto who was a CR in both the Inglewood and Crenshaw offices, filed the suit which was certified as a class action complaint by the Equal Employment Opportunity Commission (EEOC) in June 1982. Reportedly, most sexual harassment cases are directed against individuals. Lawyers indicate that such groups suits are rare.

According to the article, the Inglewood District Manager at the time (and still current manager) is Howard Jacobson. The settlement agreement "Neither confirms nor denies the allegations" in the suit concerning sexual harassment. Also named in the action were the Assistant District Manager identified by the article as Lucien Bingham and a former unnamed Operations Officer. Both Jacobson and Bingham denied comment to the TIMES.

The settlement agreement stated that the women charged that advancement depended upon a woman's "youth and physical attractiveness rather than her job qualifications and abilities." Ms. Otto's attorney, Marc Coleman, reported that specific instances of harassment included "verbal propostions, touching, leering, and suggestive comments."

Otto told the TIMES that Manager Jacobson allegedly asked her if she wished to spend the weekend with him. The article indicated that "when she made it clear that she was not interested in Jacobson's advances, Otto claimed, 'He made it quite clear that was the only way my job would be protected'."

After this incident, Otto told the TIMES that she was transferred to the Crenshaw office where her work was closely monitored. She then filed her complaints.

DM Jacobson's attorney Barry Bisson said that Jacobson felt that the case occurred because Otto became angry at him for removing a government car assigned Otto due to a budget cut. Agency spokesman Bob Fouts told the TIMES, "We're satisfied the proper steps have been taken."

All employees should be aware that sexual harassment incidents should be reported. Questions should be directed to your office Union Rep.

H. Egerman

HOT and COLD

How hot is hot? How cold is cold? The Office of Personnel Management (OPM) has given management guidance about dismissal of employees due to temperature conditions. The policy, articulated in FPM letter 610-6, is rather specific with words such as "rare," "adequate" and "normal" being used.

"Dismissals due to unusual employment or work conditions created by temporary disruption of air cooling or heating systems should be rare, and emphasis should be placed on the correction of these conditions," the letter reads.

"Employees are expected to work if conditions at the place of work are reasonably adequate, in the agency's judgment, although these conditions may not be normal and may involve minor discomforts."

The letter goes on to deal with the issue of sick, annual and administrative leave.

"Individual employees affected by unusual levels of temperature to the extent that they are incapacitated for duty, or to the extent that continuance on duty would adversely affect their health, may be granted annual or sick leave."

"Before administrative excusal may be granted, it must be clearly established by reasonable standards of judgment that the conditions are such as to actually prevent working. Agencies are advised to consider such matters as the physical requirements of the positions involved as well as the temperature of the work areas." The letter notes that the guidelines are designed to avoid "widespread dismissal of employees."

Article 9 of the Natonal Agreement deals with health and safety issues. Section 9 notes that temperature can have a

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Union Travel Agency

An agreement has recently been reached between Council 147 and Acevido Travel agency which should prove mutually beneficial. The Concord based travel agency has agreed to rebate a percentage of all travel booked through their agency to the Council. Larger rebates will be possible on special group travel such as prearranged cruises, tours, etc.).

The Acevido Travel has a large staff of travel specialists and maintains a national toll free number (800-427-1184). They are planning several special excursions this year which will be available at a discount to union members. Future issues of UNION LINE or direct mailings to members will highlight upcoming trips.

If you are planning personal travel, use ea. contact Acevido Travel to make your arrangements. Identify yourself as a member of AFGE's Council 147 so that the Council will receive a rebate on your travel. Payment can be made by check or credit card and your tickets will be mailed to you by certified mail. This is a great way to contribute to the Union coffers!

If you have any suggestions about where you'd like to see a Union sponsored trip (Carribbean, Europe, Egypt, etc.), send me a note and I'll pass it on to the travel agency.

Sonia Reiter

VDT UPDATE

A recent AFGE survey of General Services Administration (GSA) telephone operators indicates that many of them have the same health problems as other employees who work with video display terminals (VDTs). As noted in the last issue of UNION LINE, the coming systems modernization will shortly find a majority of employees spending most of their time using a VDT.

Forty operators in GSA National Capitol Region Region received a questionnaire dealing with such issues as eye and back strain. Of the 76 employees responding, 31 reported experiencing some type of eye strain, and 17 reported back pain. Eleven people said that they had both problems.

Similar statistics have been found in other surveys conducted by other organizations. For instance, a survey undertaken by 9 to 5, a national clerical union for women, found that over 57% of those questioned, indicated that they suffered eyestrain on a daily basis and that 56% experienced muscle pain.

This was the first survey of federal workers by AFGE.

Howard Egerman

S.D. OHA ULP

Management in the San Diego Office of Hearings and Appeals bypassed the Union when it negotiated directly with employees, the Federal Labor Relations Authority, ruled recently.

On July 27, 1984, AFGE OHA representative Ruth Sorensen was informed about proposed changes in working conditions in the San Diego office concerning hearing assistant training. Ms. Sorensen requested bargaining; however, on August 15, San Diego management met directly with unit employees and discussed the issues with them. The Union was not informed about this meeting, nor invited to participate.

In January 1985, a settlement agreement was signed in which management agreed not to deal directly with employees represented by AFGE by soliciting input and sentiments from employees directly.

As the exclusive representative of employees, the Union may not be bypassed.

Ruth Sorensen

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So. Sac. Firing Overturned

A South Sacramento, California, Supervisor was "out to get" a Claims Representative, Gerald D. Marcus ruled in overturning the termination of the employee.

The CR was hired in July 1981 as a GS-5 CRT and began working in the South Sacramento office in January 1982. In July 1982 he was promoted to GS-7. In October of that year he received a premature appraisal (less than 120 days after his promotion) as well as a Performance Improvement Plan (PIP). Both were subsequently removed. In December he received a fully satisfactory appraisal, although his supervisor argued for lower marks.

The Area Director visited the South Sacramento office in March 1983 and the AD's audit team's report criticized the office for poor organization. Following the report, District Manager Ivorie Manning reportedly told employees at a staff meeting that if he were to be fired as a result of the report other heads would roll first." In fact, the grievant did report a change in his supervisor's attitude toward him once the audit team's report was published.

When the CR-grievant first reported to South Sacramento, he was given another CR to serve as his mentor, to answer any questions that he had and to help him get adjusted to his job and his workload. He was given also what he considered to be a large workload but his supervisor told him not to worry about it. The employee became concerned because his mentor was impatient with him and belittled him. After one month, he complained and the supervisor assigned herself to be his mentor. At first she told him that he was doing a good job, but later placed him under a PIP. It is interesting that the PIP was instituted within a month after the issuance of the audit team's findings. When he requested time to rebut the PIP, the supervisor denied his request. He grieved this decision and won the right to rebut the PIP. Stepping up the harassment on April 5, 1983, the supervisor referred the grievant to the Employee Counseling Service.

In May 1983 he filed two grievances concerning memos that his supervisor had placed in his 7-B file. In one he was criticized for not spending more time at his desk and in another, for delay in handling a case. He won both grievances. As a result he testified that the supervisor became furious with him, was curt and abrupt to him and talked to other employees about him. She did not encourage him to ask questions. Whenever he asked for help, his questions were written up.

Union witnesses testified that the grievant was hired "off the street" and that such employees usually need assistance from a mentor and take longer adjusting to the CR job than employees promoted from within the Agency. They also testified that the office was very disorganized, chaotic, and that folders were difficult to locate. This contributed to much of the processing delays alleged to have been caused by the grievant.

The grievant also filed two Equal Employment Opportunity (EEO) complaints. The first complaint resulted in the Agency giving him a new supervisor and a new mentor. The second complaint resulted in a recommendation that he be detailed to another office for 90 days. However, DM Manning testified that he misunderstood the recommendation and believed the detail to another office should be for one day only.

In August 1983, shortly after receiving his new supervisor, the grievant's within-grade increase (WIGI) was denied and a proposal to remove followed thereafter. He was fired that September for unacceptable performance in GJT 1 (adjudicates claims) and GJT 20 (develops claims).

The Agency argued that it followed proper procedures in terminating the employee and that they had substantial evidence of unacceptable performance. The Union stated however, that the removal was reprisal for the employee's grievances and EEO complaints. In addition, it was noted that not all of the cases that the Agency used in making its decision to fire the grievant were provided to the Union.

Arbitrator Marcus found that the Agency was negligent for not providing the Union with these cases. "The fact remains that the Agency knowing these files were to be evidence of critical importance upon which it would justify its actions did not make certain that they were available. For this it must be found to be guilty of negligence." He said that he felt that the Agency did not meet the burden of proof by providing credible evidence.

Testimony noted that the newly-assigned supervisor who made the decision to fire

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Hot & Cold cont.

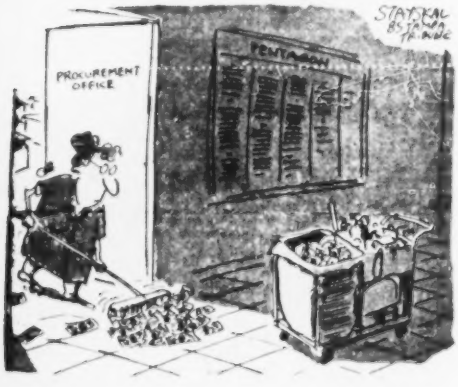
direct bearing on employee health and that temperature extreme problems are appropriate matters for referral to established health and safety committees.

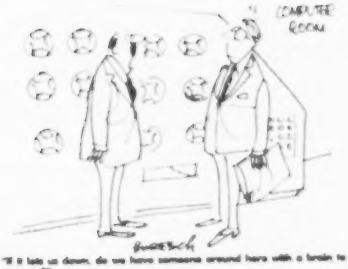
As an example of how temperature problems can affect employees, one might look at the Hunters Point, Branch Office in San Francisco, California. There some employees complained about extreme cold temperatures in the back of the office. Space heaters were not permitted in that office. During the winter a number of employees became ill with the flu. One DAT who had complained about the cold in the teletype room where she had to do transmissions of data died.

What can individual employees do? They can write up any complaint about temperature conditions and give it to the office health and safety rep or Union rep. Each district and branch office should have one Union and one management official on a health and safety committee. Section B of Article 9 deals with time frames for investigating office hazards. An imminent danger must be responded to within 24 hours, a potentially serious condition within 3 working days and other conditions within 20 working days. A complaint under Article 9 was written up at Hunters Point.

Temperature conditions affect everyone, bargaining unit employees, management and claimants (many of whom may be adversely affected by excessive cold or warmth due to their age or illness). By bringing reports of problems in temperature to the committee's attention, the Union and the employees are able to insure everyone's comfort.

Howard Egerman





"If it falls us down, do we have someone around here with a brain to carry on?"

Firing Overturned cont.

the grievant one month after being assigned his supervisor had expressed the opinion "that a case was being built up unfairly against the grievant." The Arbitrator indicated that the record revealed a serious tension in the supervisor's relationship with the grievant. He pointed out that she took a number of actions as his supervisor which not only appear to have tended to discourage rather than encourage improvement in the employee's performance but also render suspect her capacity to make a fair and impartial evaluation of his work." He also noted that she compared him to other employees who were not trainees. In addition, she had made a number of "derogatory and disparging remarks" about the grievant before his fellow employees and the Arbitrator found that she had documented him "excessively and unfairly."

Arbitrator Marcus ruled: "I find the testimony of Manning is simply not credible in several significant respects. It is understandable that he would be defensive about his administration." He concluded that all of the corroborating testimony supported the conclusion that "the office was disorganized and conditions "chaotic" during the entire period in which grievant worked. He noted that Manning "as the responsible administrator was subject to substantial criticism personally."

Marcus therefore ruled that the denial of the within-grade increase was not in accordance with the contract. The Agency was ordered to grant the within-grade increase effective with August 18, 1985, and to reinstate the employee with all back pay and benefits. He also recommended that the grievant be reassigned to another office. The Arbitrator felt that the Union witnesses were credible in their testimony. Mike Codon represented the grievant.

Footnote: The grievant returned to work January 1985. He will soon receive 15 months back pay.

22

CHOOSE FROM TWO DENTAL PLANS

FULLY ENDORSED by YOUR UNION!

INDEMNITY (Any Dentist)

100% of Scheduled Amount on Routine Dentistry
Includes restorative, diagnostic, oral surgery, periodontics, endodontics

50% of Scheduled Amount on Major Dentistry
Includes prosthodontic and restorative requiring gold

SAMPLE MAXIMUM ALLOWANCE

Office visit	$ 13.00
Cleaning	13.50
Entire x-rays series	22.50
Extraction (impacted)	60.00
Complete maxillary denture	232.50

	Single	Family
Bi-weekly	7.05	15.00

(plus union dues)

PREPAID (Panel Provider)

Services	Member Pays
Full mouth x-rays	Nothing
Office visits	Nothing
Teeth cleaning	Nothing
Amalgam Restorations	
1 surface	$ 8.00
2 surfaces	10.00
3 surfaces	12.00
Gingivectomy per quad	100.00
Single root canal	90.00
Tri-root canal	150.00
Upper or lower denture	195.00
Denture reline	50.00
Extractions (uncomplicated)	12.00
Completely bony	75.00
Local anesthetics	Nothing
Acrylic crown	75.00
Porcelain crown	95.00

	Single	Couple	Family
Bi-weekly	5.00	7.10	9.00

(plus union dues)

Take advantage of your choice of dental plans offered by your union. Your union steward has complete brochures and enrollment forms for you to enroll today!

Complete the attached form and submit to your union office to receive your enrollment packet.

Offered and Administered by
CALIFORNIA DENTAL HEALTH PLAN
Tustin, California

Detailed limitations, exclusions and the dental schedule are listed in full in the certificate of insurance which you receive when your coverage becomes effective.

CUT ALONG THIS LINE

ENROLLMENT FORM

☐ Prepaid Plan
☐ Indemnity Plan

CALIFORNIA DENTAL HEALTH PLAN 653 South "B" Street Tustin, California 92680

Print: Last Name | First Name | Middle Name | Date of Birth

Work Phone | Extension | Address | City | State | Zip | Phone No.

Place of Employment | SOCIAL SECURITY NO.

Work Address | SELECTED DENTAL OFFICE #NO. (If Applicable)

City | State | Zip

SPOUSE AND DEPENDENTS

	Name	Relationship	Date of Birth
1			
2			
3			
4			

CON147 4000
Agt. #

Signature | Date

Enrollment Form is to be submitted to your Association office.

23

A Dual Choice Dental Plan

with

Orthodontic Benefits

and

Optometry Benefits

PLAN A

DIRECT SERVICE
*INCENTIVE DENTAL PROGRAM

MEMBER SERVICES	CO-PAYMENTS MEMBER PAYS
VISITS AND DIAGNOSTIC	
[illegible]	No Charge
[illegible]	No Charge
Emergency Office Exam	No Charge
CLEANINGS AND FLUORIDE TREATMENTS	
[illegible]	No Charge
[illegible]	No Charge
[illegible]	No Charge
X-RAYS	
[illegible]	No Charge
Bitewing X-Rays	No Charge
Each additional X-Ray up to [illegible]	No Charge
Bitewing X-Rays [illegible]	No Charge
RESTORATIVE	
Amalgam fillings, primary, 1 surface	$ 4.00
Each additional surface	
Amalgam fillings, permanent, 1 surface	4.00
Each additional surface	
Silicate, primary, filling, per surface	12.00
Acrylic or plastic filling, per surface	12.00

*As your membership with us continues into the second and third year of uninterrupted coverage, your CO-PAYMENTS DECREASE, and NO COST SERVICES INCREASE giving you a progressive plan with IMPROVED BENEFITS. There are no mandatory services required to be eligible, other than the continuous time you have been a member.

The DIRECT SERVICE Option has dental offices throughout California which provide full service dentistry without the bother of either a pre-determination or the necessity of claim forms. The member simply pays the co-payment, if any, from the detailed fee schedule.

Under the REIMBURSEMENT Option you select your own dentist and receive benefits based upon a usual, customary and reasonable fee determined by the Plan's allowable schedule of charges, after satisfying your deductible. Routine dentistry under $200 does not require pre-determination. However claims which exceed this amount should be approved prior to the dental work commencing. This precludes any misunderstanding with your dentist as to covered benefits and the amounts payable. Claim forms are completed by the dentist and are processed like any other reimbursement program.

PLAN B-1

REIMBURSEMENT PROGRAM

MAXIMUM ALLOWABLE BENEFIT
$1,000 per Individual per CALENDAR YEAR

BASIC BENEFITS 80% $50 Deductible

PALLIATIVE
Emergency treatment for temporary relief of pain

DIAGNOSTIC
Routine periodic examinations, including bitewing X-rays twice a year

PREVENTIVE
Prophylaxis scaling once every 6 months

ORAL SURGERY
Extractions and other oral surgery including pre and post operative care

RESTORATIVE SERVICES
Amalgam, synthetic porcelain and plastic restorations (fillings)

ENDODONTICS
Pulpal therapy and root canal filling

MAJOR BENEFITS 50% $50 Deductible
(After 1 year of continuous coverage)

PERIODONTICS
Treatment for diseases of the gums

PROSTHETICS
Bridges, partial dentures and complete dentures

CROWNS AND JACKETS
Gold or metal restorations only when teeth can not be restored with another filling material. Crowns and jackets when teeth can not be restored with a filling material.

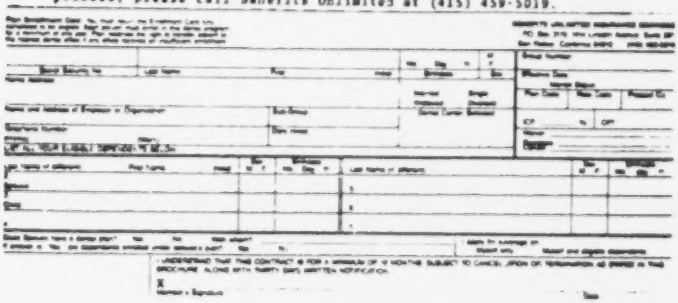
This advertisement contains a brief description of the Plans. Detailed Limitations and Exclusions are available on request.

The cost of the program per pay period is:

Individual	$ 7.00	Individual	$14.50
Family	$11.00	Family	$21.50

This is a limited time offer. Review the above benefits and sign up TODAY at your Union Office or with your local Union Steward.

If you have any questions regarding the plans or enrollment process, please call Benefits Unlimited at (415) 459-5019.



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Join AFGE Now

APPLICATION FOR AFGE MEMBERSHIP
AND
REQUEST FOR DUES WITHHOLDING

I hereby request membership in the American Federation of Government Employees (AFL-CIO) and designate AFGE as my union in all matters subject to the Federal Service Labor-Management Relations Statute.

NAME OF EMPLOYEE (Print: Last Name, First Middle) | SOCIAL SECURITY NO.

HOME ADDRESS (Street and Number) | (City and State) | (Zip Code)

HOME PHONE NO. | WORK PHONE NO.

WORK LOCATION | JOB

AFGE LOCAL NO.

AGENCY (SOCIAL SECURITY ADMINISTRATION (DHHS)

SECTION A — FOR USE BY AFGE

NAME OF EMPLOYEE ORGANIZATION

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

I hereby certify that the regular dues of this organization for the above named member are currently established at $_____ per biweekly pay period.

SIGNATURE AND TITLE OF OFFICIAL | DATE

SECTION B — PRIVACY ACT STATEMENT

Section 5525 of Title 5 United States Code (Allotments and Assignments of Pay) permits Federal agencies to collect this information. This completed form is used to request that labor organization dues be deducted from your pay and to notify your labor organization of the deduction. Completing this form is voluntary, but it may not be processed if all requested information is not provided.

This record may be disclosed outside your agency to: 1) the Department of Treasury to make proper financial adjustments; 2) a Congressional office if you make an inquiry to that office related to this record; 3) a court or an appropriate Government agency if the Government is party to a legal suit; 4) an appropriate law enforcement agency if we become aware of a legal violation; 5) an organization which is a designated collection agent of a particular labor organization; and 6) other Federal agencies for management, statistical and other official functions (without your personal identification).

Executive Order 9397 allows Federal agencies to use the social security number (SSN) as an individual identifier to avoid confusion caused by employees with the same or similar names. Supplying your SSN is voluntary, but failure to provide it, when it is used as the employee identification number, may mean that payroll deductions cannot be processed.

Your agency shall provide an additional statement if it uses the information furnished on this form for purposes other than those mentioned above.

SECTION C — AUTHORIZATION BY EMPLOYEE FOR DUES WITHHOLDING

I hereby authorize SSA(DHHS) to deduct from my pay each pay period, the amount certified as the regular dues of the AFGE Local to which I belong, and to remit such amounts to AFGE in accordance with its arrangements with SSA. I further authorize any change in the amount to be deducted which is certified by the above named employee organization as a uniform change in its dues structure.

I understand that this authorization will become effective the pay period following its receipt in the payroll office of my employing agency. I further understand that revocation forms, Standard Form No. 1188, Revocation of Voluntary Authorization for Compensation for Employee Organization Dues, are available from my employing agency and that I may file a revocation from or other written revocation request with the payroll office of my employing agency.

Dues withholding may be revoked by submitting an SF-1188 or its equivalent within the 30-calendar day period prior to the anniversary date of signing the SF-1187 or its equivalent. If a request for revocation is not submitted within the time-frame cited above, the authorization will recycle for additional one-year periods on each anniversary of the date the SF-1187 or its equivalent was signed.

I further request and authorize the agency to provide the above organization a copy of the above order and any subsequent updating of my address upon request of the above organization.

SIGNATURE OF EMPLOYEE | DATE

SF 1187 (4/82) ◀ ▶ 1-00

REPRODUCED BY AFGE FOR SSA LOCALS

AFGE COUNCIL
OF
SOCIAL SECURITY DISTRICT OFFICE LOCALS
San Francisco Region

COUNCIL OFFICERS

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Executive VP
Jeanette Perkins
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Lynwood CA 90262
213-603-0501

Sect/Treasurer
Jeanette Perkins -
see address above

Chief Steward
Charlie Estudillo
C/O SSA
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Santa Rosa CA 95402
FTS 450-4341 - 4358
707-525-4358

Women's Coordinator
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Inglewood CA 90306
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Sergeant-At-Arms
Howard Egerman
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Local 2452
President
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Glendale AZ 85311
602-261-6720

June West - LFD
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Mesa AZ 85203

Marti Cohen - LFD
7009 W Coronado
Phoenix AZ 85035
8-261-5002

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President
Frank Aguilar
4802 S 15th Ave
Tuscon AZ 85714

Local 882
Walter Larson - LFD
Box 50067
Honolulu HI 96850

Local 2172
Gayla Reiter - see
Council Pres address

Sharon Bonilla - LFD
505 N Court St
Visalia CA
209-732-6787

Mary Ann Benson - LFD
C/O SSA
770 W Hamilton
Campbell CA 95009
408-291-7710

Mike Codon - LFD
C/O SSA
P.O. Box 2700
Fairfield CA
707-425-8018

Howard Egerman - LFD
see Sgt-at-Arms

Bill Fraser - LFD
2300 Mendocino
Santa Rosa CA 95402
707-525-4342

John Jimenez - LFD
C/O SSA
P.O. Box SSA
Daly City CA 94015
415-994-0551

Donna Thomas - LFD
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San Rafael CA 94903-4910
415-499-8730

Andy Sanderson - LFD
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Sacramento CA 95802

Michael Larmer - LFD
1282 E. Alexander
Merced CA
209-723-0474

Bob DeFillis - LFD
C/O SSA
427 13 St
Oakland CA 94612
415-273-7625

Mr. DONNELLY. That is excellent testimony.

Chairman JONES. It was very articulate, very good testimony.

Mr. DONNELLY. I think what we ought to do in the future, Mr. Chairman, is to have a little debate between her and the Commissioner. [Laughter.]

Please proceed, Mr. Riordan.

STATEMENT OF JOHN RIORDAN, PRESIDENT, LOCAL 3369, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Mr. RIORDAN. I would like to first thank Mr. Jones, Mr. Donnelly, and Mr. Coyne for remaining to hear our testimony.

My name is John Riordan. I have been a claims representative with the Social Security Administration for over 10 years. I have also been, concurrently, AFGE Local 3369 president, which covers New York City, Long Island, and Westchester County.

In addition to that, I am second vice president to the national council of field operations locals, and in that capacity, I have been appointed chief negotiator for the union in the negotiations with the agency over the implementation of the Claims Manual Project/Field Office Systems Enhancement—that is, CMP/FOSE—for all six components of the Social Security Administration, covering 70,000 employees.

Negotiations began last October with management's introduction of what they termed the prepilot phase of CMP/FOSE. This was the first leg of the journey in the introduction of computerization of the claims-taking process. No live cases were taken during the prepilot. It was more or less an attempt to familiarize both management and the employees with the computers and software through training and direct contact with the computers.

The goal of the claims modernization project, according to management—that is, central office management—is to provide filed offices with a modernized claims system by increasing computer system support in claims processing and certain claims-related areas.

The claims modernization project and the field office systems enhancement project are part of the systems modernization project, the SMP. The systems modernization project is the Social Security Administration's overall project to provide modernized systems for SSA's business processes.

During the prepilot negotiations, the union questioned the agency concerning the impact of SMP on future staffing. We were told that management foresaw no reduction in staffing as a result of SMP. The agency told us that the SMP is a growth-oriented design.

Management is aware that the present system is too antiquated to maintain present levels of service to the public. The agency is merely trying to catch up to present-day technology with SMP.

Even today, the agency is insisting, when questioned by the union, that it does not know what impact the SMP will have on staffing. If it does have an impact, the agency tells us, it will be in job redesign, not reduction in jobs. In fact, they tell us staffing increases may be necessary as a result of office automation in some areas.

Now, with Ronald Reagan's effort to redirect more and more Government spending from social programs to the Pentagon, it has become necessary for the Social Security Administration management to back its chief executive by creating a rationale for huge staffing cuts.

The truth is the SSA management does not know what impact office automation will have on necessary staffing to maintain current levels of service. The agency takes a great risk in telling Congress and the public that it can reduce staffing by 17,000 by 1990. SSA management takes a great risk in telling Congress and the public that there will be no reduction in services to the public by making huge staff reductions.

CMP/FOSE is presently scheduled to embrace only title II claims. The computerization of title XVI claims is targeted for after 1990. Title XVI is the Supplemental Security Income Program, and it is a substantial workload for Social Security. So the agency cannot even attempt to use CMP/FOSE to justify reductions in staffing for the title XVI workloads.

The agency, too, is assuming that office automation will be implemented without any hitches. Already, the schedule for the implementation has been adjusted several times.

In 1981, SSA awarded a $100 million contract to Paradyne Corp. for data processing equipment. Later, the General Accounting Office reported that the failure rate of the computer equipment was three to four times that of similar terminal installations.

One of the two offices in the prepilot and phase I of the pilot is the downtown Baltimore District Office. As of April 1, the office does not have the wiring completed which is necessary to connect the computers to enable them to take live cases. So they are already behind as far as one of the two model offices.

Another question that has arisen is the serious limits on the telecommunications ability of the system. We don't really know whether, once the program is nationalized, whether the telecommunications systems, AT&T, can handle this.

Additionally, not all the new office furniture has arrived. None of the chairs have been delivered. This will result in further delays and adjustment in scheduling the implementation of FOSE.

This is an indication that delays are likely in the gradual computerization of all offices nationwide. Many SSA district and branch offices are located in older buildings which will not have the electrical capacity to handle the tremendous amounts of hardware that are necessary to implement FOSE.

This subcommittee should take note that the CMP/FOSE is at this stage an experiment, not a reality. Any projections made by SSA management about its capabilities, including the capability to run the SSA programs with substantial reductions in staffing, without a reduction in service to the public, should be questioned closely.

You may believe that I as a union leader have a bias in attempting to save the jobs of SSA workers. That I do. But as congressional Representatives, you, too, should have a bias. That is, you must respond to the will of the public.

If these proposed reductions in staffing in the Social Security Administration result in poor public service to SSA recipients after

you have supported them, your constituents will hold you accountable, too. I ask you now to stop this administration's persistent attempts to erode the social programs of this country.

[The prepared statement follows:]

STATEMENT OF JOHN RIORDAN, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, LOCAL 3369

Honored members of the Subcommittee on Social Security, I have been a claims representative with the Social Security Administration for over ten years. I have also been concurrently AFGE Local 3369 President for the past six years. Local 3369 represents all Social Security Field Operations employees in New York City, Long Island and Westchester County.

In addition to my duties as president of Local 3369, I serve as Second Vice President to the National Council of Social Security Administration Field Operations Locals which represents approximately 40,000 employees nationwide. I have been appointed chief negotiator for the Union in the negotiations with management over the implementation of the Claims Manual Project-Field Office Systems Enhancement (CMP/FOSE) for all six components of the Social Security Administration covering 70,000 people.

Negotiations began last October with the management's introduction of what they termed the prepilot phase of CMP/FOSE. This was the first leg of the journey in the introduction of computerization of the claims-taking process. No live cases were taken during the pre-pilot. It was more or less an attempt to familiarize both management and the employees with the computers and software through training and direct contact with the computers. The goal of the Claims Modernization Project according to management is to provide field offices with a modernized claims system by increasing computer system support in claims processing and certain claims-related areas. The Claims Modernization Project and the Field Office Systems Enhancement project are part of the Systems Modernization Project (SMP). The Systems Modernization Project is the Social Security Administration's overall project to provide modernized systems for SSA's business processes.

During the prepilot negotiations the union questioned management concerning the impact of SMP on future staffing. We were told that management foresaw no reduction in staffing as a result of SMP. The agency told us that the SMP is a growth-oriented design. Management is aware that the present system is too antiquated to maintain present levels of service to the public. The agency is merely trying to catch up to present day technology with SMP. Even today the agency is insisting when questioned by the union that it does not know what impact the SMP will have on staffing. If it does have an impact, the agency tells us, it will be in job redesign not reduction in jobs. In fact, they tell us staffing increases may be necessary as a result of office automation.

Now, with Ronald Reagan's effort to redirect more and more government spending from social programs to the Pentagon, it has become necessary for the Social Security Administration management to back its chief executive by creating a rationale for huge staffing cuts. The truth is the SSA management does not know what impact office automation will have on necessary staffing to maintian current levels of service. The agency takes a great risk in telling Congress and the public that it can reduce staffing by 17,000 by 1990. SSA management takes a great risk in telling Congress and the public that there will be no reduction in services to the public by making huge staff reductions.

CMP/FOSE is presently scheduled to embrace only Title II claims. The computerization of Title XVI claims is targeted for after 1990. The Supplemental Security Income program is a substantial workload for SSA. So the agency can't even attempt to use CMP/FOSE to justify reductions in staffing with Title XVI workloads.

The agency, too, is assuming that office automation will be implemented without any hitches. Already, the schedule for the implementation has been adjusted several times. In 1981, SSA awarded a $100,000,000 contract to Paradyne Corporation for data processing equipment. Later, GAO reported that the failure rate of the computer equipment was three to four times that of similar terminal installations.

One of the two offices in the prepilot and phase I of the pilot is the Downtown Baltimore District Office. As of April 1, 1985 the office does not have the wiring completed which is necessary to connect the computers to enable them to take live cases.

Additionally, not all the new office furniture has arrived. None of the chairs have been delivered. This will result in further delays and adjustment in scheduling the

implementation of FOSE. This is an indication that delays are likely in the gradual computerization of all offices nationwide. Many SSA district and branch offices are located in older buildings which will not have the electrical capacity to handle the tremendous amount of hardware that is necessary to implement FOSE.

This Subcommittee should take note that the CMP/FOSE is at this stage an experiment not a reality. Any projections about its capabilities incuding the capability to run the SSA programs with substantial reductions in staffing without a reduction in service to the public made by SSA management should be questioned closely.

You may believe that I, as a union leader, have a bias in attempting to save the jobs of SSA workers. That I do. But as congressional representatives you too should have a bias. That is, you must respond to the will of the public. If these proposed reductions in staffing in the Social Security Administration result in poor public service to SSA recipients after you have supported them, your constituents will hold you accountable too. I ask you to stop now this Administration's persistent attempts to erode the social programs of this country.

Mr. DONNELLY. Thank you, Mr. Riordan.

Ms. Gregory.

STATEMENT OF VICKIE L. GREGORY, MEMBER, LOCAL 3231, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Ms. GREGORY. I am going to try to summarize. Mainly, I am here to tell you about some of the horror stories. [Laughter.]

I am a title XVI claims representative, and I work here in Rockville, MD, which is not too far from here. I used to be the past president that covered this locality.

Some of the things that are going on are that they are manipulating the goals and the statistics in order to meet goals and statistics because managers' merit pay and regional commissioners' merit pay are based on these statistics.

What is happening is that in my case, with SSI, I have aged processing time. By inputting a certain field on an input sheet, it deletes the case from the statistics. In other words, it doesn't count any more. Once they do that kind of thing to the case, it sits, and the cases that are clean and are going to work real fast go into the system.

So when they tell you that we have had a reduction in claims, this is not necessarily truth. What it means is that we have more and more managers manipulating the system, excluding cases outside the system, and those cases are not counting.

By doing that, it also puts those cases that they have moved aside into a lower priority of work, and they don't get worked, or if they do, it is very, very delayed. Normal processing time for an aged case is between 9 and 17 days. Those cases that are excluded statistically take anywhere from 27 to 60 days. So you are talking about an extremely long delay.

In an office here in Washington, DC, they are dong mass redeterminations in SSI. What that means is that they take 15 to 20 people, they take them into a room, they put two interviewers in there, they pass out the forms, they tell the claimants, "Now, this is what we are going to be asking you. When you come up here, we want you to answer these questions."

When I questioned that—because it is a direct policy guideline not to do that kind of thing because of the privacy to the individual—I was told, Well, they are not filling out those forms; we are doing that. But there is no time, because of the time limits and the

amount of people that they have scheduled, to even answer questions like, What's going to happen if I go to work? Or what is going to happen if my daughter gets married and moves out of the house?

We don't have time to answer those questions, and we are told not to do it. We're told, you get them out, you get them in here, we don't want them cluttering up the lobby, we don't want them doing this.

Another problem that is happening is in the title II or in the RSI program. People are coming in, and they haven't got all the necessary proofs that they need. What happens is they say, OK, we will fill out the application. They fill it out, they don't sign it. They send the claimant home with this unsigned application, and they say, bring your W-2 form in, bring your birth certificate in, bring your marriage certificate in.

What that claimant does not know is, because he has not signed the application, it is not a viable application. If he were to die tomorrow, he and his family are not protected, when if we were to take that signed application and begin that processing on it that day, that person's wife or child would be protected as of the day he signed that application.

So by doing that, they no longer absorb the time it takes to get the birth certificate or the W-2 form. In most cases it is just 2 or 3 days, but every once in a while, we have somebody who is still working and planning on retiring. They go to Europe, they forget about it, they come back 4 or 5 months later thinking their Social Security check is going to be there and it is not, and in fact they found out they never really filed.

In my office last year, we were a test case for these model redeterminations. They were supposedly going to be self-help. They took a 10-page application, shortened it down to about 15 questions. We were supposed to mail it out; they would mail it back in. It was a fiasco.

In Rockville, which is a very, very highly educated area, we had people that got these things, became very scared that their benefits were going to be cut off, and came rushing into the office with these things. Other people called us. They didn't understand the forms.

Most forms that we have are not self-help forms. This one was designed as a self-help, and the claimants still could not understand it. So we still had this massive influx of people; yet the administration is telling us, well, we are going to correct all those problems, but, in the meantime, we are cutting staff. That was another problem.

One of the interfaces—we have several interfaces within the system where it is an integrity kind of thing. One of them is wage reporting. If you go to work for Social Security and your child is getting SSI and you are paying FICA tax, that interfaces with our SSI record.

In one office here, they got so many of these alerts they could not work them, so the manager went in and deleted them because he did not want his staff to be boggled down by them. What that did was, it didn't protect the integrity of the system; it let all these unreported wages go undetected.

We didn't pay correct payments. There is now an investigation going on by the Office of Field Investigations into that particular situation because claimants had been working 4 and 5 years and nobody ever detected it, but in fact we had the information, but because these people in this office went and deleted these things, we never did it. These people probably are no longer medically disabled and should have never received benefits past their 9 months.

In the Manassas Teleservice Center in Manassas, VA, which handles Washington, DC, the people there are no longer allowed to use the SSADARS machines. That is the Paradyne equipment. If a claimant comes in and they say, "How much is my check going to be next month," they are told, "I can't tell you that information; I will have to call you back. Give me your number."

They never get the time to call back because the manager's merit pay is based on the number of calls coming in, so he cannot release his staff to call back these people. What happens is they call back four, five, six, seven times.

They get frustrated, and you know where they call then. They call you all. You know, I just want something simple. And those kinds of simple things that are on that computer, they are not being allowed to use, because it destroys the amount of calls coming into that office. And that is just right here. It is going on all over.

My basic problem with this whole concept of large centralized office is the lack of personal contact. I think Representative Manton hit it right on the bell when he said that people don't want to come in and talk to a computer. They don't.

I have people call me on a daily basis, and they don't understand our notices. They don't understand what this means. What does it mean whenever you say I am going to reduce my check by this amount? The computer is not going to be able to tell them that. If they don't understand the computer notices and they call us, we should be able to tell them what is going on, what is happening, what that letter means, because otherwise, what it is going to mean is that your offices are going to have to be able to answer those kinds of questions.

My final point is that SSI is targeted to lose 2,000 positions because of the systems modernization program. But they haven't even started working on it, and it is not even planned on being implemented for 5 years. So if we are going to lose 2,000 people now, who is going to do our work for us?

I am already under about a 10-day backlog in cases that, just because of the volume of people coming in, my concern for the people that I work with—I have basically told people, you know, I am sorry but I can't talk to you any more. I have to take the next claim, or I have to do this. I cannot give you the service that you want.

When I first came to work for Social Security in 1979, all I used to hear was, "We're here to service the public. You're here to treat these people as people." I am not hearing that any more, and that really frightens me.

I want to thank you all for letting me speak today.

[The prepared statement follows:]

STATEMENT OF VICKIE L. GREGORY, MEMBER, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, LOCAL 3231, AFL-CIO

I am a Title 16, Supplemental Security Income Claims Representative in Rockville, Maryland. I have been employed by Social Security since July 1, 1979.

As an SSI Claims representative I deal directly with the processing of initial claims, overpayments, redeterminations and assorted post-entitlement actions within the supplemental security income program.

As an SSI Claims Representative I deal directly with the individuals who come into the office to apply for or recertify their eligibility for supplemental security income.

I am greatly concerned with the quality of service we are able to give as compared to the type of service we should be giving.

In the Philadelphia Region of Social Security, as well as other regions nationwide, processing goals or pars are established to measure the overall time it takes to process a certain item of work. In Title 16 of the act, there are currently 5 such goals or pars. Aged processing time, disability processing time, accuracy, overpayments and redeterminations. These goals are supposed to reflect an accurate picture of how well we process our work, but in reality it serves only as an manipulation of the facts. As district managers merit pay is dependent upon obtaining these pars or goals, much emphasis is placed on it. During the past three years, when goals were linked to merit pay, I have personally had cases manipulated in order to be excluded from processing time. Once statistically excluded, the case becomes a "low priority" item and the payment to the claimant is often unduly delayed because of the "rush" to process cases that "count" and do affect the goals and pars.

At an Office in Washington, D.C., because of the reduced available staffing, coupled with a desire to meet the goals, mass redeterminations are being conducted despite official policy which prohibits such practices. The office management insists that calling in 15-20 people simultaneously, having them sit in a separate area, and interviewed by only one or two people is not a mass redetermination since the claimants themselves do not complete the forms. Each individual in that room can hear and see those being interviewed. There is no regard for privacy or personal service. There is no time in such a situation to answer individual questions and concerns.

In the Social Security Claims process, claimants come into the district or branch office with an "intent" to file. Many offices have claimants complete an application except for signing. Additional proofs or requirements are requested; the claimant leaves the office with the unsigned application in hand, and is told to bring the application in—when all documents are available. Rarely, is the claimant told that if the claim is not returned—they haven't filed—and in effect no protective filing was established. Claimants lose benefits if they get ill or are called away for an emergency—no protection exists—the claim doesn't exist, and the office has no concern for an unsigned application. This enables a "clean" case to be processed with little or no processing time with all proofs are provided.

Redeterminations, the annual review of Title 16 recipients was recently restructed. This restructuring enabled greater field office control. The restructuring process was good. And is working well. However during the same period, profiles were and/ are being realigned. This realignment takes redeterminations of higher error potential and moves them to lower and middle error profiles—thus eliminating the need for a yearly face-to-face redeterminations but in no way relieves SSI of the responsibility of processing redeterminations. The Rockville office was a test office for some of the new forms and procedures for redets. Our experience with the revised forms was not good; claimants did not understand them. Several claimants, fearing they were incorrectly completing the forms visited the office though the forms were designed for self-help. Resources and incomes previously disclosed were not disclosed or recorded. This made recontact necessary in order to insure correct payment. A majority of the forms used in Supplemental Security Income are difficult to use and are not self-help. But many offices insist on using them as self-help forms to reduce interviews on already exhausted employees. This greatly increases the potential for error.

The SSI system has numerous checks and balances one of which is the interface system. This interface system enables us to look at and verify numerous pensions and benefits. It creates a "diary" or worklist of potential problems. One such interface is the wage reporting interface. When wages are reported by Social Security or Civil Service on an SSI recipient, or parent or spouse of an SSI recipient, an alert is generated and the serving office is notified how much was earned, where earned and by whom. As income is one factor of eligibility, this interface system protects

the integrity of the system. These items don't count; are a very low priority; and rarely are timely handled. In one district office, because of the large number of follow-ups, the cases were deleted from the system and were never worked. Consequently, unreported wages were not developed and incorrect payments were not detected.

The Manassas Teleservice Center located in Manassas, Va. is no longer handling inquiries on the spot from claimants if it involves obtaining information from the office SSADARS computer. The employees have been instructed to "call back" these individuals, but are not given time to do so. The emphasis is placed on the number of calls coming in—not the satisfaction of the claimants needs or wants. The claimants are now slaves to the computer which counts the calls—because the employees do not have access to the computer that contains the vital needed information concerning the claimants request. As a result, the employees along with the claimants, are held hostage between the two computers. What will be the effect on these same people if the proposed cuts are implemented?

These examples are not isolated instances of shortages occurring only in the Philadelphia region but are happening all over the United States.

My basic problem with the whole concept of large centralized offices, is the lack of personnel contact with the recipients, lack of concern and care—over their needs. And a complete degradation of service that we render. Employees now are constantly under extreme pressure to "meet the goals" and never anymore do we hear "we are here to serve the public" as we once did.

The proposed office closings, coupled with increased reduction in staffing, will tie our hands even further. The workloads still exist, and in the same volume.

The assumption that our workloads have decreased is erroneous. By the manipulation of the system, only "captured" cases are reported. Those cases which were excluded from the system—are not counted and no credit is given.

Items such as diary alerts, public inquiries, waivers, and routine post entitlement changes are not captured. But that work still has to be done to insure correct payments to claimants.

These workloads cannot be reduced by a modernized computer system nor can they be made the workloads will exist no matter what occurs.

Further reductions in staff will adversely affect these kinds of "noncountable" workloads first because priority is on "countable" items. Of even greater concern is the fact that SSI is targeted to loose 2,000 positions but the systems modernization program for SSI hasn't even been started yet. It is not expected to start for several years, but the staffing cuts of 2,000 are expected over the next 5 years. Who will do the work, if there are no employees to do it?

Chairman JONES. I just want to thank each of you. I listened very intently to your testimony, and I think it was very well presented.

Let me ask the last witness about the cooking of the books, the records and all that you alluded to in Rockville and Manassas. In talking to your colleagues in SSA around the country, is that a normal practice everywhere?

Ms. GREGORY. It is going on to certain extents and in different kinds of situations in different offices.

Through my experience with the union, off and on, I will call somebody and say, "Wow, they are doing this. Have you heard of this? Why are they doing this? How is that affecting?" I find that it is like a fire. Once it starts in one office and they find out it is a way of manipulating it, it goes across the country. Just different offices have different ways of manipulating the statistics.

Chairman JONES. What avenues do you have, and how confident are you in the procedures, to be a whistle blower if you have a manager who is taking shortcuts that do not serve the public? Do you feel confident that you have a means of protest that will not be met with retaliation? Do your colleagues feel that way?

Ms. GREGORY. In several of these cases, like in the case where they were taking applications and not having them signed, I

brought it to the attention of my area director, and I said, this is what they are doing.

Well, what had been in the past was they were keeping the folders there in the office, so I could go and I could photocopy these instances. Well, now, they are sending them home. He tells me that he doesn't believe it is going on any more, but I still see it.

In the case of the wage reporting, where the manager and operations supervisor had gone in and deleted these things it was through like the back door that I became involved in that with the inspector general. He happens to be a friend of mine, and he uses our SSADARS equipment in our office to do some of these things, and he would ask me to get some printouts for him.

I happened to notice some of the names, and I said, "Wow, these are all those ones that were involved in that," and he said, "Well, what do you know?" So far, we have not been jeopardized, but usually we meet with sort of deaf ears. They don't believe it is going on until we bring them cold, hard facts. They stop it, but then within a couple of months they have figured out some other way of manipulating the system.

Ms. REITER. I would like to address that point for a minute.

Just an example of what happened in our area about a year-and-a-half ago. One of our union stewards in the Huntington Park office made a report to the hotline indicating some of the fraudulent practices that were going on in his office.

The manager or supervisor, I believe it was, was inputting some clearances for redeterminations, even though the redeterminations had not been done. The union rep persisted and made a number of followups—eventually a team of investigators from the regional office came to investigate.

The manager, or superviser in order to cover his tracks, threw away whole stacks of Social Security claims in a dumpster near the office. Now, these are the SSI claims folders that were housed in the district office, and there was no other copy of them anywhere, so when you were destroying these, you were destroying valuable source documents that could not be duplicated in any way.

In fact, the FBI was alerted and they came out and found hundreds of claims folders in this dumpster in back of the office. Now, right after that happened, the union steward was reprimanded. A short time later, he was given a suspension and then a whistle blower's demotion.

We had filed a complaint with MSPB special counsel concerning retaliation. The special counsel, though they had jurisdiction for whistle-blower protection, did not investigate for several months. When I followed up on it, they told me that they didn't have the funds to travel so they couldn't travel from their office in San Francisco to Los Angeles to investigate.

That is the type of thing that we are faced with. They eventually fired this person, and he was drummed right out of the service. So there is no protection. MSPB is not providing us protection.

There have been a number of instances uncovered that had hit headlines in the local papers concerning these fraudulent statistical practices. The manager of the Inglewood office in my area recently was found guilty of doing massive manipulations with the

statistics. He is still the manager. He got a 3-day suspension, a slap on the hand, and they start doing it again right away.

So it is commonplace. It is happening all over.

Chairman JONES. I thank you.

I would like to have our subcommittee staff do some followup with you on some of these things that you have brought out and take this up with the administration.

From our perspective, we are hit by all kinds. There are examples of efforts to preserve one's job at all costs and resist any kind of change. So we don't want to fall into that trap. But, by the same token, where you have precise examples such as was brought that go directly to the quality of service that the beneficiary gets or does not get, that is what we want to know. I think you have provided some very valuable testimony, and I am going to ask our staff to follow up on that.

Thank you.

Mr. DONNELLY. Bill.

Mr. COYNE. Thank you, Mr. Chairman.

Ms. Reiter, you indicated that you had the recent experience of piled up letters and boxes of mail that have come in and you are unable to get to it. Is that in the San Francisco area?

Ms. REITER. From what I hear from talking to several—I am the executive vice president of our national union that represents field office employees, and I understand that that is occurring in several locations. It is not in all offices, by any means, but it is——

Mr. COYNE. My question is, What period of time do you have to go back to to recall when everything was running and there was no backlog and boxes of incoming mail with cases?

Ms. REITER. Prior to SSI.

Mr. COYNE. Pardon?

Ms. REITER. Prior to SSI was the last time we were really in control of our workload. We have sort of been going from one emergency to another.

We started handling SSI in 1974, and we have been suffering moderate to severe degrees of backlogs ever since then. It has improved a little bit and then regresses—but these staffing cuts that we have already experienced have been very hard to take.

The Oakland office that I mentioned that was so impacted and so backlogged and had so many overpayments to work, they are classified as being overstaffed, which means that they are going to have to get rid of several employees, even though they cannot handle the workload that they have now.

Mr. COYNE. So the last time you can recall when the offices operated under normalcy would be 1974?

Ms. REITER. Yes, before SSI.

Mr. COYNE. Thank you.

Mr. DONNELLY. Thank you very much for your testimony. We know how much time and effort you put into it. You don't have staff to write your testimony, and it was very good, and we appreciate it, and we are sorry about the lateness of the hour, but we will absolutely follow up on many of the things that you brought out here this afternoon.

Thank you.

The subcommittee stands adjourned.

[Whereupon, at 2:03 p.m., the hearing was adjourned, to reconvene at the call of the Chair.]

DELIVERY AND QUALITY OF PUBLIC SERVICES FURNISHED BY THE SOCIAL SECURITY ADMINISTRATION

THURSDAY, APRIL 11, 1985

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Tulsa, OK.

The subcommittee met, pursuant to notice, at 9:30 a.m., in the Aaronson Auditorium, Tulsa Central Library, Tulsa, OK, Hon. James R. Jones (chairman of the subcommittee) presiding.

Chairman JONES. The hearing will get underway.

Today the Social Security Subcommittee begins the first of what will be a series of field hearings on the quality of service provided by the Social Security Administration. Over the next year the subcommittee intends to conduct field hearings throughout the country so that we may hear directly from those individuals who deal with the agency daily, namely, the beneficiaries of the Social Security Program.

Last week the Social Security Subcommittee launched the examination into the quality of service delivery of the Social Security Administration on a hearing about the President's proposal in his budget for major reductions in the staffing of the Agency and the possible closing or downgrading of several hundred field offices. The subcommittee feels that before we consider suggestions to reduce the Agency work force and access to the public, we must first determine whether such proposals will adversely affect the quality of service rendered by Social Security.

For over 40 years the Social Security Administration's network of field offices has functioned as one of the major points of contact between the citizens and the Federal Government. Only the Post Office has as much day-to-day contact with the public.

In a program as large as Social Security, with the manner in which it touches the lives of nearly every American family, the quality of service it provides is critically important to the country. Therefore it is imperative that Congress remain ever vigilant in its role in assuring a responsive and superior Social Security Program. This is our responsibility, as public servants. It is our duty to see that public service is constantly safeguarded.

At the same time it is our duty to question the cost and efficiency with which this service is rendered by the agency.

In an age of ballooning Federal deficits, we cannot be cavalier about what the public's money is buying.

A major purpose of our oversight activities must be to insure that the Social Security laws are promptly and accurately carried out. Both of these concerns; namely, the quality of service and the cost and efficiency of that service, have prompted these hearings.

We must judge whether the President's fiscal year 1986 budget proposal that calls for the substantial reductions in the Social Security work force indeed makes sense. We will also be examining the Agency Service Delivery project, a project which might entail the closing of a number of field offices.

Can these plans be implemented without substantial reduction in the quality of service provided by the Social Security Administration? Do they make sense from a budgetary point of view?

Many questions have been raised about the President's plans for the Social Security Administration. The subcommittee has an open mind about what changes ought to be made. We are not suggesting that improvements and streamlining of services cannot be made, but we must be sure that service delivery improvements are really improvements in the quality of service and not simply a red herring for personnel reductions that may or may not in the long run produce savings for the Federal Government.

It is a pleasure to begin these field hearings in Tulsa, and the response to the announcement of these field hearings obviously is overwhelming.

We intend to have these field hearings around the country. I am a firm believer that the best policy comes when the greatest number of American people are involved in the process of determining that policy.

Probably no other agency of Government requires personal service as much as Social Security.

In our hearing in Washington, one of the persons who testified commented that a person who is retired is generally not familiar with the computer age and wants very much to talk to a live human being when they have a problem, and not have to deal with a computer.

That is one of the things that we want to look at, and why we want to hear the administration and others here today.

Since there are so many people here, and we could not possibly hear from all of you, one of the things that I have asked is that a questionnaire, which is being produced nationally by the General Accounting Office on the quality of service of Social Security—that that questionnaire be passed out to you.

I wish you would give your honest opinion on the questions that are asked, and pass it back to our staff.

Some of you may be here today with a personal problem. We have members of my staff, and Congressman Synar has a member of his staff here today. If you want to discuss a personal problem, I would suggest that you meet with a member of our staff in the back so that we can take the information.

I have four members of the staff of the Social Security Subcommittee present today. On the majority side Pat Dilley, Linda Robertson, and Carol Currie; and representing the minority side, the Republican side of the subcommittee, is Karen Worth.

They are here to take notes and to officially review this hearing.

I am very pleased that two of our colleagues from the Oklahoma congressional delegation said they wanted to participate in this hearing. And one of those is not here yet, Wes Watkins, who said he would be here later this morning. The other is our colleague who represents part of Tulsa County in the second district, Mike Synar. I would like to welcome him and ask Mike if he has any opening statement.

[Opening statement of Chairman Jones follows:]

OPENING STATEMENT OF HON. JAMES R. JONES

Today, the Ways and Means Subcommittee on Social Security begins the first of what will be a series of field hearings into the quality of service provided by the Social Security Administration. Over the next year, the subcommittee intends to conduct field hearings throughout the country so that we may hear directly from those individuals who deal with the agency daily: the beneficiaries of the Social Security Program.

The subcommittee launched its examination into the matter earlier this month with a hearing in Washington on proposals in the President's budget for major reductions in the staffing of the agency, and the possible closing or downgrading several hundred field offices. The subcommittee feels that before we consider suggestions to reduce the agency workforce and access to the public, we must first determine whether such proposals will adversely affect the quality of service rendered.

For over 40 years, the Social Security Administration's network of field offices has functioned as one of the major points of contact between citizens and their Federal Government. Only the Post Office has as much day to day contact with the public. In a program as large as Social Security, with the manner in which it touches the lives of nearly every American family, the quality of service it provides is critically important to the country. Therefore, it is imperative that Congress remain ever vigilant in is role in assuring a responsive and superior Social Security Program. This is our responsibility. As public servants, it is our duty to see that public service is constantly safeguarded.

At the same time, it is our duty to question the cost and efficiency with which service is rendered by the agency. In an age of ballooning Federal deficits, we cannot be cavalier about what the public's money is buying. A major purpose of our oversight activities must be to insure that Social Security laws are promptly and accurately carried out. Both of these concerns about the quality of service, and the cost and efficiency of that service, have prompted these hearings.

We must judge whether the President's fiscal year 1986 budget proposal, calling for substantial reductions in the Social Security Administration workforce, makes sense. We will also be examining the agency service delivery project, a project which might entail the closing of a number of field offices.

Can these plans be implemented without substantial reduction in the quality of service provided by the Social Security Administration? Do these plans make sense from a budgetary prospective?

Many questions have been raised by the President's plans for the Social Security Administration. The subcommittee has an open mind about what changes ought to be made; we are not suggesting that improvements and streamlining of service delivery cannot be made. But we must be sure that service delivery improvements are really improvements in the quality of service, not simply a red herring for personnel reductions that may or may not in the long run produce savings for the Federal Government.

It is a pleasure to begin our field hearings in Tulsa. I want to welcome to the Subcommittee two members of the Oklahoma delegation, Congressmen Wes Watkins and Mike Synar. I know they share my concern as to what this all means for our disabled and elderly citizens.

Mr. SYNAR. Thank you, Jim.

Let me start off by commending you and your Subcommittee on Social Security of the Ways and Means Committee for coming to Tulsa, OK.

I think this is an excellent example of how we come home to find out who the true experts are about Social Security and what we should do about the Social Security Program in this country.

Jim and I both believe that the experts are down here in Oklahoma and throughout this country, and not in Washington, DC.

I am hopeful that today's hearings will give us a better understanding to take back to Washington on the problems that we face.

My main concern is the service to the constituents, not only here in Tulsa but throughout northeastern Oklahoma the Social Security Administration provides during the changes that we are going to see in the coming years.

The Social Security Administration has two major projects which are going to affect its service. First is the computerization of the local offices, and second, the rewriting of criteria for closing and opening field offices.

The Social Security Administration says it projects a 20-percent staff reduction over the next 5 years, in large part due to the greater productivity made possible by computerization.

However, the initial phase of the computerization process primarily involves retirement and survivor's claims. In the local offices, the disability process will continue as it now is. It is very labor intensive and many times face-to-face.

What I am concerned about is that computerizing local Social Security offices will not adversely affect the service to my constituents and to Jim's constituents and those throughout the country who must seek service in these local Social Security offices.

The Social Security Administration has stated that they will consider a number of items in deciding whether to open or close these offices.

I wish to express my concern that our senior citizens should not be disadvantaged because they live in rural areas where public transportation does not exist.

The Social Security Administration service must be readily accessible to all senior citizens. While we are concerned about the cost of doing business, and I join with Jim in commending whatever efforts we can to reduce those budget deficits and streamline the system, I think it is apparent that our senior citizens are so dependent upon our Social Security Program that to deny them access to these offices would be a crime at a time when they need to know that they can count on their Government when they need them most.

It is for this reason that I am concerned about the balance that we strike today and in the weeks ahead at these field hearings. We must balance between simple cost cutting and providing the service we need.

Chairman JONES. Thank you, Mike.

I am hopeful that today we will learn more about that balance. In any hearing, you may find things with which you agree or with which you disagree. As chairman of the subcommittee and chairman of this hearing, I must keep order; so I am going to ask you not to demonstrate, particularly your disagreements with any of today's testimony. We have got to maintain order.

Let me also make a personal comment about one person who is here today. In the business of representing this district in public service, you are touched by many heartwarming stories and many tender stories.

There is a lady today who has prepared coffee and cookies for the group that is here. She did it all on her own resources, which I happen to know are not great.

Marlana Anna Early did this because she wanted to express a concern and appreciation for holding these hearings. I want to express a very deep appreciation to her. That was a very kind gesture.

Our first witnesses make up a panel, but we are going to take them individually. Our first witness, representing the Department of Health and Human Services, is the Associate Commissioner for Personnel and Management of the Social Security Administration, Nelson Sabatini.

I would like to tell all the witnesses that the complete text of your testimony will be included in the record. We ask you to summarize, because we have many witnesses that want to speak today. We are on a fairly tight time schedule, so if you will, please summarize your testimony.

STATEMENT OF NELSON SABATINI, ACTING DEPUTY COMMISSIONER FOR MANAGEMENT AND ASSESSMENT, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY FRED GRAY, ACTING REGIONAL COMMISSIONER; AND DEWELL TURNER, DISTRICT MANAGER, TULSA

Mr. SABATINI. Thank you for inviting us to Oklahoma to discuss several issues pertaining to the administration of the Social Security Program.

[Shouts from the audience.]

Chairman JONES. He is going to have to sit at the witness table. We will try to get the mike up a little louder.

Mr. SABATINI. I want to thank you for inviting us to come here today to discuss several issues pertaining to the administration of the Social Security Program in which this subcommittee has expressed an interest.

I would like to introduce the people at the table with me. To my right is Mr. Fred Gray, who is the Regional Commissioner for Social Security in the Dallas region. To my left is Mr. Dewell Turner, who is the district manager for the Tulsa, OK, district.

Shortly after our new Acting Commissioner of Social Security assumed the position in the fall of 1983, there was a new statement of agency goals developed.

It was designed to provide a focus for all planning efforts that took place within the agency. The four goals that were established were: One, to provide timely and accurate payment of benefits; two, to administer the Social Security Program efficiently and effectively; three, to render service to the public in a uniform, courteous, sensitive and dignified manner, and four, to strive toward a positive work climate for employees within the Social Security Administration.

Because we as an agency have committed ourselves to these goals, we appreciate your subcommittee's interest in assuring that any actions we take improve the efficiency of Social Security's operations and will not undermine either the quality of service to the

public or the working conditions of SSA's thousands of valuable employees nationwide.

Mr. Chairman, I will try to summarize my remarks. I ask that my longer statement be entered into the record.

SERVICE TO THE PUBLIC; ACCOMPLISHMENTS TO DATE

As you know, the 5-year systems modernization plan that started in 1982 is central to our current efforts to improve the speed and efficiency of all aspects of the claims process. The plan has already produced significant accomplishments that have translated directly into better and faster services to beneficiaries, including more prompt processing of claims for retirement and survivor benefits and quicker payment of increases in benefits due as a result of additional earnings.

Now that we have had about 3 years of experience in systems modernization, we stand on the threshold of the most important part of the whole effort. We have managed to solve our most immediate systems problems and have made improvements in our systems management practices. Over the next several years, we will be redesigning a number of major systems in order to increase productivity, accuracy and our ability to manage our workloads. These changes will include redesigning the annual wage reporting process, and the implementation of the claims modernization project. This project will yield important benefits in terms of service to the public, including the ability of our field office staff during an interview to enter information directly into the system, to request any information in our records needed to process the claim and to produce a paper copy of the application for the claimant to sign on the spot. In addition, field office staff will be able to use the system to perform complex computations that are now time consuming and error prone because they are done manually.

PRODUCTIVITY IMPROVEMENT

Our progress since 1982 putting systems modernization in place has substantially improved our operating performance in spite of the fact that over the last 2 years our employment levels have declined by about 2,000 employees.

We believe that systems modernization, along with other procedural and management improvements, will continue to increase the productivity of Social Security Administration personnel.

SERVICE DELIVERY PRODUCT

With respect to our management oversight of staffing, our planning encompasses a wide range of initiatives, many of which predate the current planning effort.

One of these initiatives is an effort to update and improve the quality of reviews that the Social Security Administration has always conducted to determine whether its local offices are located in the right places, are of the right size and offer the right range of services in an accessible manner.

I must emphasize there is no plan to phase out positions or to close a targeted number of field offices. The project that we are em-

barking on is a result of collaboration and consultation throughout the Social Security Administration and contemplates a review of our entire field network between now and the end of 1987.

Our initial reviews will include the examination of specific field facilities based on criteria that include, among other things, the size of the office, the proximity of that office to another installation, accessibility and the special needs of the population being served by that office. Later reviews will take a somewhat broader perspective encompassing an entire region, a State, city, or county, or some other area dictated by natural geographic features. After 1987 these reviews will be conducted on an ongoing 5-year cycle.

Mr. Chairman, I would like to stress that our analysis of service delivery is going to be a very comprehensive process. It takes into account not only the cost of the service we provide, but also the special needs of those that we serve.

The improvements in productivity that we contemplate fully support two fundamental SSA goals—to administer the programs efficiently and effectively and to provide courteous, sensitive, and dignified service to the public.

These goals represent a continuation and a reaffirmation of the traditional goals and objectives of this agency. We will see to it that in no way will our proud tradition of providing first-rate personal service to the public deteriorate.

Thank you, Mr. Chairman. We will be happy to respond to any questions.

[The prepared statement follows:]

STATEMENT OF NELSON J. SABATINI, ACTING DEPUTY COMMISSIONER OF SOCIAL SECURITY

Mr. Chairman, I am pleased to be here today in Tulsa to discuss several issues pertaining to the administration of the Social Security programs in which the subcommittee has expressed interest. Shortly after Mrs. McSteen assumed the position of Acting Commissioner of Social Security in the fall of 1983, SSA developed a new statement of agency goals to provide a focus for all planning efforts within the agency. Those four goals are to:

(1) Provide timely and accurate payment of benefits;

(2) Administer the program efficiently and effectively;

(3) Render service to the public in a uniform, courteous, sensitive and dignified manner, and;

(4) Strive toward a positive work climate for all employees.

Because we as an agency have committed ourselves to these ends, we appreciate the subcommittee's interest in ensuring that any actions we take to improve the efficiency of SSA's operations will not undermine either the quality of service to the public or the working conditions of SSA's thousands of valuable employees nationwide.

My testimony today will focus on SSA's recent accomplishments in improving service to the public, on the agency's plans for improving productivity and on our efforts to develop and implement a better process for evaluating SSA's field structure.

SERVICE TO THE PUBLIC; ACCOMPLISHMENTS TO DATE

As you know, the 5-year Systems Modernization Plan begun in 1982 is central to our current efforts to improve the speed and efficiency of all aspects of the claims process. The plan has already produced significant accomplishments that have translated directly into better and faster service to beneficiaries. For example:

Systems improvements now allow field offices to process about 25 percent of all claims for retirement and survivor benefits from application to receipt of the first check within about 1 week, compared with about 2 weeks under the old process.

Field offices may now enter SSN applications directly into the system and thus shorten the time from application to receipt of a Social Security card from 4–6 weeks to an average of 11 days.

More efficient data processing procedures now allow quicker payment of increases in benefits due to additional earnings.

Improvements in SSA's master beneficiary record processing permit us to make changes in this system, including changes of name and address, much faster than ever before.

SSA's online data base was expanded to allow field offices to provide immediate benefit estimates for persons age 60 or older.

Now that we have had about 3 years of experience in systems modernization, we stand on the threshold of the most important part of the whole effort. We have managed to solve our most immediate systems problems and have made improvements in our systems management practices. Over the next several years, we will be redesigning a number of major systems. Our emphasis will be on improving the usefulness of thse systems in ways that will increase productivity, accuracy and our ability to manage our workloads so that we provide a high level of service to the public. These changes will include:

Redesign of the annual wage reporting process, allowing us to provide faster, more reliable earnings information not only to the Internal Revenue Service but also to our own operating components for more prompt and accurate computations and recomputations of benefit amounts.

Implementation of the Claims Modernization project will provide field office employees who deal with the public with a new claims processing system that will use state-of-the-art data processing techniques. This project will have three major benefits in terms of the service to the public. First, field office staff will be able to determine immediately the status of any claims or postentitlement actions within their control. Second, field office staff will be able during an interview to enter information directly into the system, to request any information in our records needed to process the claim, and to produce a paper copy of the application for the claimant to sign on the spot. Third, field office staff will be able to use the system to perform complex computations now that are both time-consuming and error-prone because they are done manually.

PRODUCTIVITY IMPROVEMENT

In light of the activities described above, it is evident that changes in the way SSA does business are on the horizon. These changes will allow us not only to provide better service, but also to do so at a lower cost to the taxpayer. We believe that systems modernization, along with other procedural and management improvements, will continue to increase the productivity of SSA personnel sufficiently to permit us to do or jobs just as well, and in some ways even better, with fewer employees.

Our long-range productivity improvement plans envision about a 20-percent reduction in SSA staff from the fiscal year 1984 level of about 80,000 full-time-equivalent employees to about 63,000 full-time-equivalent employees by fiscal year 1990. I am aware that SSA's plans to reduce its work force by as much as 17,000 over several years have raised concerns. In order to reassure you and those of your constituents who are understandably apprehensive, I would like to highlight the following points:

First, our projections for staffing levels beyond fiscal year 1986 must be viewed as what they are—projections. Only the changes in full-time-equivalent staff levels for fiscal year 1985 and fiscal year 1986 are incorporated in the President's budget recently submitted to Congress. Thus we have formally proposed only a 4.5-percent reduction in employment, from 79,951 full-time-equivalent staff in fiscal year 1984 to 76,349 FTE's in fiscal year 1986. Substantial further reductions in personnel will be dependent on how successful we are at achieving the transition to state-of-the-art automations of claims processing and in other productivity and management improvements in our operations. Jobs must not be phased out until the new systems are in place and working well. Each year when SSA prepares its detailed administrative budget for the upcoming fiscal year, the agency will assess whether planned changes in staffing levels for the upcoming fiscal year are appropriate given the state of agency workloads, achievement of automation goals, and other factors.

Second, although we contemplate a significant decrease in employment levels, that decrease would be realized gradually over 6 years. About 4,000 full-time permanent and 1,100 part-time permanent employees leave the agency each year due to normal retirements, transfers, resignations and so on. We therefore expect that any

long-range staffing reductions that may be warranted by productivity and management improvements can be accomplished through normal attrition.

Where reliance on attrition to accomplish the personnel reduction results in staffing imbalances between geographical areas, job series, etc., some employees may need to be retrained or relocated. Secretary Heckler and I agree that these expected shifts in staffing patterns must be made with extreme care and sensitivity to the interests of the employees whose jobs are affected. To deal with the costs of the impact of automation on the work force, we have requested special appropriations language in the fiscal year 1986 budget request. The language would give us permission to use an enlarged contingency reserve to meet these costs. Overall, we are convinced that the various systems and management improvements summarized in the productivity improvement plan will benefit SSA employees by helping them accomplish their mission more efficiently.

Third, I would like to emphasize that the reductions we foresee are not exclusively concentrated in the field or in public contact positions. Some jobs located in headquarters, regional offices and program service centers would also be gradually phased out. For example, reductions will be obtained in program service centers by allowing more claims to be authorized directly by field office staff. This change will not only reduce personnel costs, but will get benefit checks into the hands of new beneficiaries sooner. We also assume that significant savings will be obtained through reductions in staff support functions throughout the agency.

Finally, it should be noted that, largely as a result of systems and procedural improvements, employment in the Social Security Administration has already declined by the full-time equivalent of about 2,500 employees during the past 2 years, without a reduction-in-force or total hiring freeze. During this time, large blacklogs of work have been proceessed to completion and the public has been getting a faster response to its requests for service. For example, between the end of fiscal year 1982 and fiscal year 1984, pending retirement and survivors claims workloads in the program service centers decreased by 36 percent, and pending disability insurance claims workloads in the Office of Disability Operations decreased by 23 percent.

In summary, we forecast a continuation of the ongoing process of modernization and streamlining of SSA's operations. Although the projected change in overall staffing levels for the 6-year period fiscal year 1985 through fiscal year 1990 seems large at first glance—and indeed it appears to be an ambitious goal—when broken down into year-by-year figures, it represents a challenging, but we believe manageable, objective.

In addition, our plans are subject to modification, as any long-range plans must be, based on any number of factors which cannot be predicted accurately for such a long period. The allocation of the changes in staffing levels among components, functions, and work sites and the timing of the changes will be particularly open to refinement as modernization projects now in the planning stages are brought to fruition.

SERVICE DELIVERY PROJECT

As a broad outline for the direction in which SSA will be heading with respect to staffing patterns, our planning encompasses a wide range of management initiatives, many of which predate the current planning effort. One of these is the service delivery project.

The primary purpose of this project is to implement an ongoing, systematic and agency-wide evaluation of our field office structure to ensure that we are providing service to the public in the most efficient and cost-effective manner. The service delivery plan is an effort to update and improve the quality of reviews that the agency has always conducted to determine whether its local offices are located in the right places, are of the right size and offer the right range of services in an accessible manner. The new plan strengthens the existing procedures by establishing clear and uniform criteria for evaluating the effectiveness of SSA field facilities.

This project should result in economies of operation that are reflected in smaller outlays for personnel, equipment, and space, without compromising the quality of service. We believe that the service delivery plan will result in a more cost-effective field structure. It is not a plan to phase out positions or to close field offices. The plan has a number of important features that deserve special mention on which I would like to elaborate further.

First, the new review methodology is the product of collaboration and consultation among SSA components. It requires a careful and systematic examination of the way we currently do business in the field as well as other possible approaches to service delivery, and it allows regional officials to consider the particualr character-

istics and circumstances of the local areas within their jurisdictions. The description of the new methodology explicitly states that the best service delivery approach will vary from place to place, depending on local circumstances. The plan recognizes that such local factors as a large non-English speaking population, the availability of public transportation, and even natural barriers that restrict travel need to be taken into account in designing a network of SSA field facilities to serve the population of a given area.

Second, with respect to the timing of the reviews, a two-stage process is planned. By the end of 1985, a first round of reviews will have been completed in areas to be identified by the regional offices using screening criteria set forth in the service delivery plan as well as any other criteria the particular region may want to add. These criteria include office size, proximity and accessibility (with different standards applied in metropolitan and nonmetropolitan areas), and other considerations related to lease arrangements, management turnover and systems modernization needs. Offices selected for review using these criteria will not be reviewed in isolation, but as part of a group of offices that are geographically or organizationally related.

The second stage of reviews will take place during 1986 and 1987 and will encompass all geographical areas not reviewed in 1985. In this stage, the basic area of review may be an entire region, an SSA Area Director's area, a State, city, or county, or an area dictated by natural geographical features. Large review areas will enable us to see situations in which the area serviced by a single SSA office or a cluster of offices may need to be changed. For example, conforming service area boundaries to county or State lines may not make sense if the population distribution and patterns of travel and commerce make some other configuration more logical. After all areas have been reviewed nationwide by December 31, 1987, future reviews will be conducted on a cyclical basis, with all areas subject to review at least once every 5 years.

Third, an important feature of the service delivery plan is its emphasis on taking a fresh look at how SSA field facilities serve the public with an eye toward encouraging experimentation and promising innovations. The review methodology calls for a careful analysis of the advantages and disadvantages associated with the existing and alternative ways of delivering services in a given area. For example, it is our hope that advances in telecommunications and other technologies may offer us new opportunities to provide a high level of service to the public at a lower cost.

Fourth, a final feature of the service delivery plan that I would like to stress is the comprehensiveness of the set of factors to be considered as part of the cost-benefit analysis of each alternative approach delivery in an area under review. Both cost and noncost factors will be assessed. Cost factors include salaries of claims processing and management employees, rent for office space, fees for local, long distance and toll-free telephone service and staff travel expenses. Noncost factors include beneficiary travel time to offices, waiting times, operational concerns such as processing times for various actions, workflows, the need for changes in staff assignments and responsiveness to demographic issues such as shifts in population or concentrations of foreign or minority groups. Other management issues to be considered include effects on employees whose jobs might be redefined or relocated. Many other factors are spelled out in the service delivery plan, but regions conducting the reviews are not restricted even to this long list; they may take into account other cost and noncost considerations they deem important.

Thus the service delivery project fully supports two fundamental SSA goals—to administer programs efficiently and effectively and to provide courteous, sensitive and dignified service to the public. Its primary purpose is to provide a sound management approach to our delivery of services through the systematic application of clear, uniform procedures for valuation. Although the best service delivery approaches will vary from place to place, the same important factors will be considered in evaluating service delivery all over the United States. The service delivery project represents a continuation of the Social Security Administration's management stewardship and it in no way threatens the agency's proud tradition of personal service to the public.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to respond to any questions.

Chairman JONES. Mr. Sabatini, Mr. Gray, and Mr. Turner—I think I understand your statement correctly. You said there are no plans to close any offices or to reduce any personnel.

The problem we have is that internal memorandum from the Social Security Administration indicated a directive to the regional offices—and Mr. Turner, you may want to comment if you have received this—to prepare for the closing, or comment on the closing, or consolidation, or downgrading of several kinds of offices.

In Oklahoma, one of the criteria of that memorandum is that 10 field offices in Ada, Bartlesville, Chickasha, Clinton, Hugo, Miami, Norman, Okmulgee, Poteau and Stillwater would be closed, and 5 additional offices in Admore, Enid, Lawton, McAlester, and Shawnee would be downgraded.

Now, are you saying that in the fiscal year that we are about to enter, there are no such plans, and no office closings?

Mr. SABATINI. Mr. Chairman, let me answer both parts of your question. First, in the memorandum that we sent to the regional offices for their comment and review, we were saying that we needed as an agency to establish a uniform national process that would require, on an ongoing basis, a review of all our installations to make sure that those installations make sense in today's environment.

The demographic characteristics of this country are changing. They have changed dramatically in the last 20 years. This year is the 50th anniversary of Social Security, and the changes that have taken place in the 50-year period have been phenomenal.

We want to make sure that our installations that are in place and have been in place for many many years still make sense in light of the changes that have occurred.

There are parts of this country where the growth has been such that cities don't resemble anything close to what they were 10 years ago.

We want to look and see if the structure we have in place is sensible.

Chairman JONES. What I am getting at is the OMB. One of our Republican colleagues calls Dave Stockman "the great slasher." Stockman directed the Social Security Administration to reduce personnel.

As I recall, that directive was to cut personnel by 600 in the next 2 years, and 17,000 over the next 5 years, from the present base of about 70,000 people.

There is a serious question in my mind whether a reduction in personnel of that magnitude will enable Social Security to deliver quality service.

Now, are you saying that, in the fiscal year that we are about to start on October 1, there are no plans to reduce the personnel?

Mr. SABATINI. There is a reduction in personnel for the fiscal year that we are about to start. The reduction is approximately 1,600.

Chairman JONES. Where do those 1,600 come from?

Mr. SABATINI. Those will come primarily as a result of our projections showing declining workloads between now and 1987.

Chairman JONES. Is there any reduction plan for the Tulsa district office?

Mr. SABATINI. There is no projected fiscal year 1986 staffing reduction associated with the closure of offices. For the Tulsa district office, the final figures in terms of what their staffing levels will be

for fiscal 1986 will not be determined until very close to the beginning of the fiscal year, and they will be based upon the workload projections and workload situations in that office.

Chairman JONES. Let me say that I have quite a few constituents who come to our district office in Tulsa with complaints that they are having to wait a considerable amount of time at the Social Security district office, and that there is a very high workload there in relation to the people present to handle that workload.

Mr. Turner, can you sustain a reduction in personnel, with that kind of demand existing today?

Mr. TURNER. The projections of the workload, which are to be forthcoming, will let us know if we would be able to sustain the same level of service or even do better.

I have no notice at this time of any reduction in staff in the Tulsa office. As Mr. Sabatini said, I will not know until those computations are made later on.

We are making some efforts with the staff that we have to reduce the waiting times that occasionally do occur. We are experimenting, for example, with initial claims appointments so that people can actually come in at a designated time.

Much of our workload is cyclical in nature, and is subject to the first of the month or the first of the week kind of cycle. Staffing to take care of the first 10 days of the month when most people do contact our office, or on Monday, is difficult, so the actual number of employees is not necessarily the answer to the wait now.

Chairman JONES. You heard what Mr. Synar said about the increasing aging population in eastern Oklahoma. Do you have any indication that the workload will be lower outside the Tulsa office?

Mr. TURNER. I don't have any indication that the workload will be any less than what we have now, but we have to look at the projections and the changing demographics and what has actually occurred in this past fiscal year in order to know what the workloads might be, and that information is not available to us at this time.

Normally that is done centrally with the allocations coming down to the region and then down to the local office at that time.

With improved procedures and with improved technology, I think it would be very possible for us to continue at the same level or even improve our services.

Chairman JONES. Mr. Gray, have you responded to the memorandum yet, on office closings?

Mr. GRAY. Mr. Chairman, we have participated in the development of a national approach to what we call service delivery assessment which in and of itself does not connote office closings. There is a lot more to it, I think, than just the closing aspect. That is not the primary motivation.

We have not received, though, the approved national plan for beginning any regional service delivery assessment.

Chairman JONES. Let me rephrase. If you can answer in as plain English as possible, I would appreciate it. I am having a little difficulty understanding you.

As I understand it, the national headquarters—Congressman Wes Watkins joins us now. Thank you for coming, Wes. [Applause.]

As I understand it, the national headquarters sent you, as the Dallas Regional Commissioner, a memorandum directing an assessment whose criteria would indicate the offices, such as in Oklahoma, which would be subject to being closed, or downgraded.

I gather they wanted your opinion on that; and as I understand it, by the end of February you must reply.

My question is, and if you could answer it as simply as possible, Did you reply, and did you suggest that any of these offices should be closed or downgraded?

Mr. GRAY. Yes, we replied; and we did not suggest that any office be closed or be downgraded.

The authority in the Social Security Administration to close a facility in a region is delegated to the Regional Commissioner. I have made no study, no decision of any kind involving any office in Oklahoma or the five-State Dallas region to close an office. No prejudgment; nothing of any kind and no study.

Chairman JONES. Let me just suggest that there be close consultations with the subcommittee and with the Congress on this highly sensitive issue. We deal on a daily basis with many of the same constituents.

If there is not that personal service by the SSA, if there is not a little humanity and heart in that personal service, then you are going to hear very directly from this subcommittee. I hope you will keep that in mind.

Mr. GRAY. I would like to tell you also we have 24 public service installations in Oklahoma. Of course, I know where most of them are and have been there. Each one is unique. Some of them are great distances as you know, but we are not going to use just distance or any single criterion to evaluate field structure.

We will evaluate each installation individually just as we try to give individualized attention when a person comes in for service because each of those persons is different and each of these locations is different.

I assure you that not only you and other Congressmen will be consulted well in advance of any final decisions, but also other public officials and other key people in those areas.

Chairman JONES. I would appreciate that. As I said earlier, another purpose of these field hearings is to bring to the public's attention what is going on.

I think we will want to keep all of these things out in the public arena, with full disclosure and full consultation; then we can work together and improve the quality of service. When we do not do that, people get hurt.

Mr. GRAY. I agree.

Chairman JONES. Mike.

Mr. SYNAR. Thank you very much, Jim. I appreciate the three of you gentlemen being here today. I think regrettably, unlike Jim, I am not satified with some of your answers. I need to get a yes or no answer.

Let's just get down to the basics here. I have a list in front of me from the Select Committee on Aging on which I serve. It is a list of the potential offices in Oklahoma that would be closed if the memorandum "Grass Service Delivery Methodology" is accepted.

I am going to go office by office. I want a yes or no answer to whether or not these offices are going to be closed during this fiscal year: Ada?

Mr. SABATINI. No.

Mr. SYNAR. Bartlesville?

Mr. SABATINI. No.

Mr. SYNAR. Chickasha?

Mr. SABATINI. No.

Mr. SYNAR. Clinton?

Mr. SABATINI. No.

Mr. SYNAR. Hugo?

Mr. SABATINI. No.

Mr. SYNAR. Miami?

Mr. SABATINI. No.

Mr. SYNAR. Norman.

Mr. SABATINI. There is no longer an office in Norman.

Mr. SYNAR. Okmulgee?

Mr. SABATINI. Can I just clarify that?

Mr. SYNAR. Yes.

Mr. GRAY. The Norman office was moved to Moore last year and has about twice as many people.

Mr. SABATINI. I could say no to the whole list now.

Mr. SYNAR. Let's just go down. I want to get all this on the record.

Okmulgee?

Mr. SABATINI. No.

Mr. SYNAR. Poteau?

Mr. SABATINI. No.

Mr. SYNAR. Stillwater?

Mr. SABATINI. No.

Mr. SYNAR. Ardmore?

Mr. SABATINI. No.

Mr. SYNAR. Enid?

Mr. SABATINI. No.

Mr. SYNAR. Lawton?

Mr. SABATINI. No.

Mr. SYNAR. McAlester?

Mr. SABATINI. No.

Mr. SYNAR. Shawnee?

Mr. SABATINI. No.

Mr. SYNAR. Thank you. I appreciate you getting that on the record. One other thing: That draft memorandum of methodology, as Jim pointed out, we would have a reduction in the Social Security staff of approximately one-quarter.

The question I have for you, Mr. Sabatini, is: How can you have the people in this room and Congress believe that you can still provide the same service with one-fourth less staff given that the disability review is still going to be very labor-intensive?

Mr. SABATINI. In the 20-percent reduction, which is a projection that carries through 1990, we are showing anticipated savings that are to come as a result of either streamlining or improvements through automation.

Included in the baseline budget figures are those resources necessary to continue providing service in the disability program at the current levels with essentially the same kind of processing.

Mr. SYNAR. In other words, what you are saying is, the number of employees allocated for disability claims will stay the same or maybe improve, and the real reduction will be in the areas of retirement?

Mr. SABATINI. It is also a combination of employees and money allocated in processing disability. Much of the work in the disability program is done for us by State agencies.

Mr. SYNAR. One of the major problems that we have in the Muskogee, Miami, and Okmulgee offices in the second district—and I know one of the problems here in the Tulsa office—is that it takes so darn long to get an accurate payment and to get a check from Social Security.

My question to you, Mr. Sabatini, is why couldn't the disability operation, which is located in Baltimore, MD, be decentralized, as it is in retirement, thus resulting in what I think would be fewer erroneous dispositions of claims.

We have payment centers at the present time in Elmhurst, NY, Philadelphia, PA, Birmingham, AL, Chicago, IL, Kansas City, MO, and Richmond, CA.

These centers have a history of a much faster and more accurate payment. Why can't we do the same thing in the Baltimore office?

Mr. SABATINI. For the vast majority of disability claims that are paid, the payment is triggered from the local office. The decision related to disability, whether a person is or is not disabled, is made in the State agencies for us.

In the overwhelming majority of those cases, the decision of the State agency is effectuated by the local office through an automated process.

Disability cases do take longer than retirement cases primarily due to the fact that disability cases involve a very subjective decision that requires a great deal more time for the evaluation and collection of the necessary medical evidence, and in many cases, you are subsequently going back for additional medical evidence that is necessary.

Mr. SYNAR. Mr. Sabatini, that is all fine and well; and we will all agree that the disability cases take more time than retirement because in retirement you turn 62 and you qualify.

The point is, is the fact that everything has to go through Baltimore, and it can take literally months before someone can get an accurate and honest payment.

We have shown a proven success record using a regional basis for everything else and you get a faster and more accurate payment. Why hasn't Social Security ever considered decentralizing Baltimore in order to effectuate a better system of distribution?

Mr. SABATINI. Not everything has to go through Baltimore. The majority of the disability claims are approved without going through Baltimore.

The other thing is that over the last several years we have started moving towards decentralization and are moving some of the workload from the Baltimore office into some of the six regional payment centers you were talking about.

Mr. SYNAR. In other words you can assure me that within the next couple of years my office in Muskogee in dealing with literally hundreds of cases every month will no longer have to call Baltimore and wait in line behind 434 other Congressmen and 100 Senators and every other Social Security office in this country in order to get work?

[Applause.]

Mr. SABATINI. We have seen marked and very significant improvements in the operation and delivery of services in the Disability Program. I think you have seen those in the last few months, and they will continue.

Chairman JONES. Mr. Watkins.

Mr. WATKINS. Thank you.

I would like to commend my good colleague, Chairman Jim Jones, for holding this meeting. I just witnessed, as I came through the wave of people, a tremendous interest here, Jim, in what has been proposed or what has been contemplated—over 17,000 people being cut out of trying to serve the needs of Social Security recipients, a 21-percent cut.

I am glad to be here with you and Mike.

I would just like to pick up on something that my colleague had addressed regarding a kind of service. I can assure you that a lot of my constituents were asking me why I couldn't get as good a service from the Social Security Administration as Ronald Reagan did when he delivered that check to the Kentucky resident. I think it was a good move. [Applause.]

It was a good move to say the least, but it sure showed a lot of the millions of recipiants out there—that there is some favoritism played from time to time.

We were glad that Mr. Schroeder received that service, but a lot of other people expect the same kind of personal attention. I do not know if it was a service or a disservice they were rendering for the people in this country.

I would like to make a statement, mainly because I was not here for some of the other comments. I represent a district that is high in unemployment and low in income, and it probably has a higher percentage of people than any district in the State that are on Social Security and disability.

I actually have three full-time staff members and a couple of part-time staff members trying to deal with the problems that my constituents raise that are their concerns in trying to get Social Security.

Since this proposal has come about, I have had many emotional feelings expressed to me and my caseworkers about what this is going to mean, not only in services, but in trying to get to the Social Security offices.

I represent a rural area, and many of our people have to travel 65 and 70 miles to try to get some kind of Social Security service.

I quizzed my staff members. I asked them what kind of service are we getting. What type of personnel? I want to mention to you that my staff are pretty well sold on Social Security workers. They believe that many of them are attempting to do a good job.

The biggest problem right now, we have is the morale in the Social Security office on wondering whether they are going to be

able to stay there and live there and work and maintain the job they are doing. It is causing quite a dilemma.

I would like to suggest that this thing needs to be cleared up as rapidly as possible in order for the Social Security Administration to have an efficient operation.

We may think there are problems we have had in the past, but I think we are going to have more complications because of this uncertainty out there in the Social Security offices.

So, do you think we can get this cleared up fairly soon?

Mr. SABATINI. I believe we can, Mr. Watkins.

We are clearly, in my opinion, the best run Government agency there is. I also very strongly believe that we are as good as anything the private sector can put up against us.

We do a good job. We do a good job because of the kind of dedicated work force that you are describing. That work force has carried us through some very difficult years, during which we had some incredibly inadequate systems support.

We are turning that corner, and we are getting the systems support that people in our operating components desperately need to help them do the job and do the job even better.

Incorporated into this plan is a commitment that says now that we are turning the corner improving our automation capacity and making other changes, we are not going to turn our back on the loyal work force. They have carried us through the tough years.

One of the assumptions built into this staff-reduction plan is that we will make these changes and accommodate these changes through attrition, through retraining and relocation of people. People are not going to lose jobs.

Mr. WATKINS. I was quite interested in your comment about distance.

I would like to reiterate and emphasize that I have seen discrimination against the people in rural America in trying to be serviced by many Government agencies.

What I have seen that may possibly be proposed indicates that maybe only one Social Security office would not be affected in my entire 20 counties, which includes a large geographic population.

Let me encourage you to pay attention to the fact that distance does matter to the elderly and the disabled. It is very difficult for them to get to an office and receive the kind of services that they so rightly deserve. I hope that you will not discriminate against those people who live out there in the rural areas in the State of Oklahoma and throughout the United States.

Mr. SABATINI. Mr. Watkins, one of the key factors in our evaluation, when we start looking at our installations, is the distance and accessibility, taking into account the availability of transportation and public transportation.

Distance is a very very important factor, and one that we are going to say is critical to any decisions that are made.

Mr. WATKINS. Thank you.

I have, Mr. Chairman, an official statement I would like to make a part of the record if it is all right with you, and then maybe ask some other questions as we proceed.

[The prepared statement of Mr. Watkins follows:]

STATEMENT OF HON. WES WATKINS, A REPRESENTATIVES IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. Chairman, thank you for allowing me to appear before you today. I commend you for scheduling this hearing to address issues related to the delivery and quality of services furnished to the public by the Social Security Administration. Many of the elderly and disabled citizens of our nation depend heavily on Social Security benefits for their livelihood. I am extremely concerned for the welfare of these people, and I feel any proposed changes in Social Security benefits or services should be examined with extremely close scrutiny before they are implemented. I know you share this interest, Mr. Chairman, and I want to thank you on behalf of my constituency for your interest in these issues.

I would like to address three issues today. First, I will address the quality of service currently provided by the Social Security Administration, using my congressional district as my guide. Second, I will comment on the Reagan Administration's proposal to eliminate over 17,000 staff positions from the Social Security Administration over the next 5 years. And, third, I will address the issue of closing and streamlining Social Security field offices.

As you know, Mr. Chairman, Oklahoma is currently served by 19 Social Security offices. Eight of those offices are located in the large, rural Third Congressional District. I maintain three offices in that 20-county area, and I employ one person in each of those three offices to work with constituent casework on a full-time basis.

My three caseworkers are extremely diligent and hard-working, yet they have a full load just keeping up with all the requests for casework assistance that I receive. That is because more senior citizens and families receiving public assistance live in my area than in any other congressional district in the state.

In serving these people's needs, our eight Social Security offices are invaluable. My staff works closely with the personnel of our local Social Security offices to resolve questions that people raise and problems they encounter concerning their Social Security benefits.

I recently surveyed my staff concerning their opinions on the quality of service provided by our local Social Security offices, and they assured me that our Third District Social Security personnel perform a necessary service for our citizenry, and they normally perform their functions in a helpful, efficient manner. Of course there are variances of opinions about quality of service provided from one office to the next and between personnel within one office, but my staff has few complaints overall.

I cannot imagine how my constituents could deal with the complexities of the Social Security program if it were not for the assistance available from the local Social Security offices. Constituent visits to Social Security offices are frequently required, and with eight offices servicing my 20 counties, my elderly and disabled constituents go through quite an ordeal just traveling to their nearest Social Security office.

President Reagan has proposed to reduce Social Security personnel by 17,791 over the next 5 years. That amounts to a 21 percent reduction in force.

I cannot help but believe that the administration has not assessed the true impact of such a proposal on the American public. I am afraid in looking for a way to cut spending, the administration has placed a higher importance on budgetary considerations than on the welfare of the American public.

Just recently, Martha A. McSteen, Acting Commissioner of the Social Security Administration, admitted in testimony before your committee that this personnel cut was originally proposed by the President's Office of Management and Budget, not as a Social Security Administration management reform. I am not about to say that no personnel reductions can be made as more computerized services and management reforms are implemented at the Social Security Administration—in fact, I would question the agency's management if employee reductions weren't made as new computer systems come on-line—but I strongly doubt that such a wholesale elimination of personnel could be implemented without seriously reducing the quality of service available to the American public, including my constituency.

The proposal to reduce personnel by 21 percent naturally leads to thoughts of possible office closures. Despite claims to the contrary by Social Security Administration officials, it appears that serious consideration is being given by the administration to close as many as two-thirds of the existing Social Security field offices. I strongly oppose such a proposal, and urge you to deny such authority if it is sought by the Administration in the future. Further, I urge you to block such action if it is attempted administratively.

According to a partial list that has been compiled by the Select Committee on Aging of the Social Security Administration's "Draft Service Delivery Methodology," as proposed in a January 28, 1985, memorandum to SSA's regional commissioners, at least 15 of Oklahoma's 19 Social Security offices have been targeted for closure or downgrading. Ten of those 15 were identified as "offices most likely to be closed" and five were identified as "offices which may be downgraded or closed."

Of the eight offices located in Oklahoma's Third Congessional District, four are targeted for closure (Ada, Hugo, Poteau, and Stillwater) and three are targeted for downgrading or closure (Ardmore, McAlester and Shawnee). Only one Social Security office in my district is not on the "hit list" (Durant), and only four offices in all of Oklahoma are not targeted (Durant, Muskogee, Oklahoma City, and Tulsa). And, the list is reportedly but a partial list of what has been proposed.

I cannot imagine how my constituents could be expected to travel such great distances to get problems with their Social Security benefits straightened out. Social Security receipients are either elderly or disabled for the most part, and many of the recipients in my area have a very difficult time traveling the distances currently required to visit with a Social Security representative.

If the proposed plan for office closures were implemented, my people would suffer. They would suffer because they live in rural America, an area that this administration continues to try to ignore. People that come from rural America are entitled to expect assistance to be available to them in their efforts to obtain Social Security benefits, and I believe it would be equitable to ask my people to drive great distances in order to be able to obtain such assistance. I am shocked and dismayed that the Reagan administration would even contemplate a policy that would, in effect, prevent rural Americans from obtaining services to which they are entitled.

I strongly urge you to oppose any plan for a wholesale closure of Social Security offices. I offer you my assistance in combating such a proposal.

I appreciate the opportunity to appear before you today. Thank you.

Mr. GRAY. Mr. Watkins, can I add just one note? What I said was that distance would not be the only criterion. In Oklahoma things are pretty well apart. I think the closest two offices we have in rural areas are 30 miles. That is unusual to be that close.

There will be other factors though, even though the distance would happen to be less. I was just saying that would not be the sole criterion as some of the papers seem to indicate it would be, but it is a very important one.

Mr. WATKINS. Thank you for stating that.

Chairman JONES. Thank you, Mr. Watkins. Your statement will be included in the record.

We are inching our way forward with a little progress of what is going on here. My concern is that this whole personnel slash and office closing was not generated by the Social Security Administration; it was not based on any studies that superior service would occur; it came out of the OMB. Stockman directed you to cut to certain levels. You are responding to that.

Now, unless we bring public attention to this it might occur and service could be seriously deteriorated. I think we are making a little headway from where we started out in Washington a week or so ago.

I cannot emphasize too much the sensitivity of this issue, and the fact that Congress is going to be very, very strongly involved in any kind of office closings; and that there is going to have to be a serious study which will show that this is an improvement, and not just a way to make the budget figures look good for 1 year or 2 years at a time.

I also would remind you that the administrative costs—and this is a commendation to the Social Security Administration are very low.

I doubt that there is any other organization of this size, either public or private, whose administrative costs are as low as those of the Social Security Administration. Those costs come out of the trust fund. The folks who pay into the trust fund are paying those costs.

I just want to underscore that those folks want personal service. They do not want to have to face an impersonal machine or computer, or what have you.

If they are paying the costs out of the trust fund, let us make sure they are getting quality and personal service.

I thank you all for coming here. Unless there are other comments, we will move to the next witness.

Mr. SABATINI. Thank you.

Chairman JONES. Our next witness is David Bennett, regional president of the Social Security Managers Association. Your testimony will be included fully in the record, and we ask you to summarize, and then we may have questions.

Mr. Bennett, you may proceed. You will have to get that microphone very close to you, so the folks in the back can hear you.

STATEMENT OF DAVID BENNETT, PRESIDENT, DALLAS REGION SOCIAL SECURITY MANAGEMENT ASSOCIATION

Mr. BENNETT. Mr. Chairman, I am appearing here today on my personal time representing the Dallas Region Social Security Management Association.

We are a volunteer dues-paying organization composed of almost 500 managers and members and supervisors. We are located in approximately 150 SSA field offices in a five-State region, which includes Oklahoma, Texas, Arkansas, Louisiana, and New Mexico.

Our regional organization, together with the national organization, represents the views of SSA field office management to our top administrators in our regional and central offices.

We enjoy an excellent and productive working relationship. We are a professional organization which is recognized as supportive of and complementary to SSA management initiatives.

We share SSA's objective of providing a quality public service in an efficient and effective manner. I am also a district manager of a Social Security office located in Lufkin, TX.

I might also add that I am a native Oklahoman and have worked in three Social Security offices in Oklahoma before I moved across the river south.

I feel uniquely qualified to testify before you today because the people I represent are in the most publicly visible and accountable jobs in our agency.

The programs we administer touch almost every American family. We are on the cutting edge of public reaction to every executive, legislative, judicial, and agency decision affecting the Social Security Program; 9 out of 10 working Americans pay into the Social Security System. One out of every six Americans currently receives Social Security cash benefits or is covered by Medicare.

We also pay benefits to recipients of supplemental security income, as well as perform various other postentitlement workloads under programs administered by Social Security.

Through the various programs we administer, we come in contact with that segment of our population who require the most assistance—those in need, the aged, and the disabled.

Timely and accurate payments to these beneficiaries is our agency's foremost priority. Field management is proud of our agency's reputation for delivering quality public service to those we serve.

We are also proud of our agency's payment accuracy—99.6 percent of retirement and survivor's benefits and 96.4 percent of the SSI payments we make are correct.

We take pride in the fact that we administer our various programs in a very cost-effective manner. Our present administrative costs amount to less than 1½ cents of each dollar collected in taxes.

Social Security field office managers, however, are very concerned about our ability to continue to do an effective job of serving the public if we are to undergo a 21-percent cut in staffing over the next 5 years.

Employee morale is already at a low point as a result of repeated attacks on the Federal work force and on employee benefits. If these staffing cuts are implemented as planned, I am very concerned about further deterioration in employee morale.

I am also concerned about our ability to attract and retain good employees. Field office employees must be both master technicians and caring compassionate interviewers. Our recent recruitment efforts have not attracted the quality candidates we have seen in the past.

I am concerned that these problems will detract from our ability to deliver quality public service.

Our field offices are very lean on staffing at the present time, and any further reduction in personnel without a corresponding decrease in workload would necessitate a reduction in the level of service we are able to provide.

For example, this could mean that the public would have to have longer waits in our offices or the public would have to travel farther to a Social Security office because we can no longer afford to send employees to outlying rural areas.

In fact, most field managers have already significantly reduced travel from our offices to these areas.

With fewer employees to do the work, increasing work load pressure could result in a higher error rate. In fiscal year 1984, SSA paid out $163.5 billion in Social Security and SSI payments.

Even a very small increase in our error rate would more than offset the cost of savings accomplished by reducing the staff.

We collected $1.3 billion in debts during fiscal year 1983. For each $1 invested in collection activities, SSA collected $6.33.

Debt collection activities by our employees are time consuming and require persistent effort. A staffing decrease could significantly reduce our effectiveness in this area.

Most of the planned staffing cuts are based upon increased productivity to be achieved through systems improvements and modernization.

We welcome these systems advances. In fact, we have already experienced some helpful improvements with our agency's progress in systems modernization.

However, we do not believe there is adequate documentation of savings from simplified policies and procedures and/or from systems modernization that would justify cuts of this magnitude.

For example, in the next few years SSA field offices will be equipped with computer terminals that will allow interviewers to input some benefit applications directly into our central computers.

This procedure will save overall claims processing time; but initially it will result in longer interviews; and it may increase waiting times for the public.

Another concern we have is that the systems implementation may not progress as scheduled. Based upon this agency's past experience with systems improvements, we believe it would be premature to plan a schedule of staffing cuts of the magnitude proposed based upon expectations not yet realized.

Social Security field office managers and their staffs possess a tremendous amount of pride in this organization and in the level of public service that we deliver. We want to continue that tradition of SSA.

If staffing cuts are made as planned, and if systems modernization does not provide the anticipated increase in productivity, I am concerned that SSA's field offices will be unable to deliver a level of service acceptable to the American public.

Thank you for the opportunity to testify.

Chairman JONES. Thank you very much, Mr. Bennett. Before I start our questions, I want to ask again those who are here who have to leave to please fill out the GAO questionnaire and leave it on the table.

The reason I am asking you to do this is because we have asked the General Accounting Office to conduct a nationwide survey on quality of service.

I want to make sure that eastern Oklahoma has its input on the quality of services on the same kind of questionnaire that GAO is conducting, so please cooperate by filling that out and leave it for us.

Mr. Bennett, on the service delivery plan Social Security calls for achieving most of the reductions through attrition. I assume that means a hiring freeze.

What do you think would happen to a district office service if you, as managers, cannot hire anybody from the outside for the next 5 years? What is the kind of attrition you normally get at the district office?

Mr. BENNETT. The attrition rate varies.

Chairman JONES. We know that, but what is it?

Mr. BENNETT. I see.

The positions that we normally lose are the lower-graded clerical positions. We usually have higher turnover there.

Chairman JONES. Are these the people who meet the Social Security recipients when they first come into the office?

Mr. BENNETT. Usually not except perhaps the receptionists.

The interviewers are the people who actually talk to the public. The turnover rate would be less in that position.

One problem that would probably occur is that the impact on attrition would vary from office to office. An office with a stable

staffing, which usually is located in the rural areas, might fare better than an urban office which usually have higher turnover rates.

Chairman JONES. Let me ask you another question, one I will ask some of the other witnesses who will follow you.

In our hearing in Washington, some of the Social Security employees—I believe one was from California, and I forget where the other person was from—one was from suburban Washington. Both charged that there has been a tremendous amount of pressure on the district office managers to meet certain criteria of the department; and as a result of that, district office managers were manipulating the workload statistics to make their performance look better.

Do you find this to be true? Is this a concern that you have heard about in the system, one we should look into further? Would the hiring freeze create even more pressure to do this?

Mr. BENNETT. This is not a concern of mine, and as far as I know, not a concern of any of the managers in the Dallas region that I represent.

We do measure our workload statistically, but I do not have any awareness of any pressure to achieve it. No, sir.

Chairman JONES. Are you getting some performance standards from on high that are unreasonable?

Mr. BENNETT. I don't believe so.

Chairman JONES. Mr. Synar.

Mr. SYNAR. I just have one question for him, Jim.

Mr. Bennett, you heard the previous panel; and they talked about improvements that they are going to make through modernization and trying to make service better and faster. They try to do that by not necessarily closing offices but reducing personnel.

I guess the question I have for you, since you are on the spot visiting with constituents and people at Social Security, should not the office locations that are proposed to be closed not be determined upon how fast or quick you can deliver the service but by the characterization of the beneficiaries themselves in that location?

Mr. BENNETT. I do agree that the nature of the service area, the population, the distance to the nearest office and those type of things should be considered.

It is my understanding that the service area delivery plan which has not been signed off on, but is still in draft form. It is my understanding from the drafts that our association has seen that the plan would take into account these kinds of objective criteria.

Mr. SYNAR. Mr. Bennett, are you aware of any study, plan, or proposal that has been done either by OMB or SSA that justifies any of these recommendations we have heard about this morning; and has your association had an opportunity to review those proposals or plans or studies?

Mr. BENNETT. Our association has commented on the only draft that I am aware of, and that is the service area delivery plan or project. We have commented on that.

It was a draft which provided quite a bit of flexibility. It was pretty subjective in nature and gave quite a bit of authority to the

regional commissioners to decide which offices would and would not be reviewed and how the office would be affected.

Mr. SYNAR. I think the point I am trying to make is that you have seen no study which justifies giving the regional manager the ability to make decisions on personnel or office closings?

Mr. BENNETT. I have not seen any such study.

Mr. SYNAR. I think that is a very key point. These recommendations coming out of OMB are not based in fact whatsoever.

They appear to come out of the air to give the regional directors discretion to do things we don't know whether or not we even want to do. Is that correct?

Mr. BENNETT. Basically I agree with what you are saying.

Mr. SYNAR. Thank you.

Chairman JONES. Mr. Watkins.

Mr. WATKINS. Thank you, Mr. Chairman. Mr. Bennett, evidently OMB has directed this arbitrarily for this 21-percent cut at a time when many of us on this side of the table are battling to try to improve the efficiency and the services to the disabled or to the elderly.

Our concern is to try to improve that efficiency.

What percent of the personnel do you think can be cut in trying to provide services and be replaced by computers without hindering the services but hopefully improving the services? Do you have any idea? You indicated you are uniquely qualified here.

I think anyone who works in Congressman Charley Wilson's district is probably uniquely qualified.

Mr. BENNETT. Charley's office is upstairs in Lufkin. Right.

I do not have any specific thoughts on that subject.

Could you restate part of your question, please, sir?

Mr. WATKINS. The OMB has taken 21 percent arbitrarily. They have just reached out of the sky and said we are going to cut 17,700 people, 21 percent of them.

Like Congressman Synar and Congressman Jones said, I don't know whether they got that particular recommendation. There is no study.

You are on the firing line with the people. Our concern is trying to improve efficiency. Is there a percent you think that might be reduced without deteriorating the services with computers; or do you think by adding computers that we still need the personnel to maintain or maybe improve the services?

Mr. BENNETT. That really would be difficult to say. That is what I was referring to in my testimony. We would really need to see evidence of more results before we determine how large the cuts should be.

Mr. WATKINS. I would like, because of your unique position on the firing line and maybe give that some thought and maybe provide for Chairman Jones' committee here your feelings on that because I think without question, I don't know about these people out here, but the technicalities of computers just boggle my mind.

I don't say I am intimidated by them, but I am still trying to figure them all out and how to communicate with that machine and try to get the answers out of that machine in order to try be more efficient in my own office. Right now I put a lot of stuff in it, but I am not getting as much out of it as the things I put it in.

I would like to have your feelings on that.

Mr. BENNETT. I would be glad to provide information on that later.

Chairman JONES. Thank you, very much, Mr. Bennett.

If you have any additional comments, please address them to the subcommittee, and we will put them in the record.

Our next witnesses represent the American Federation of Government Employees, Mr. Sylvester Overturf, the regional president of the AFGE, and Mr. Robert Smith, the area representative from Tulsa.

Again, let me encourage you to summarize your statement. It will be included in the record. I appreciate your coming here and testifying.

Mr. Overturf, do you care to make your testimony?

STATEMENT OF SYLVESTER OVERTURF, PRESIDENT, LOCAL 2505, AMERCIAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO), AND REGIONAL VICE PRESIDENT, DALLAS REGION, AFGE NATIONAL COUNCIL OF SOCIAL SECURITY FIELD OFFICE LOCALS

Mr. OVERTURF. First I would like to express my appreciation on behalf of myself and those employees that I represent for the opportunity to appear before this subcommittee and give you some of our views.

My name is Sy Overturf. I am both president of the AFGE local 2505, which represents the Oklahoma City, Ardmore, and Enid field office districts; and I am also the regional vice-president for the Dallas region, which encompasses the States of Louisiana, Texas, New Mexico, Oklahoma, and Arkansas for the AFGE, the National Counsel for Field Office Operations.

In my position as regional vice president I have personal contact and work closely with the staffs throughout this entire region. For these reasons I believe that I am in as good a position as anyone to have valid opinions concerning the potential impact of the proposed staff reductions and office closings.

Historically the Social Security decisionmakers do not have a good track record in advance planning. Two outstanding examples of failure are the supplemental security income fiasco of 1974 through 1976 and the SSA future process of the late 1970's.

I am a survivor of the SSI fiasco, and I can speak from personal experience. I recall that we were assured that because of the lead-time that everything would be in place and ready to go.

Instead we found that the whole operation was a case study of the Keystone Cops with a liberal ingredient of Murphy's law. One only has to read the Vanik report to understand the degree to which they erred in planning the implementation of this program.

One miscalculation canceled out another and that to a great extent saved us.

The SSA future process had substantial similarities to the current proposed systems modernization plan. In this instance the SSA decisionmakers invested millions of dollars in a proposed computer system which was proven to be so unfeasible that it had to be abandoned.

As a result of all the eggs being put into the wrong basket, the administration was left with an antiquated computer system that was on the verge of collapse by 1980.

In addition to the two above we have the recent example of the Paradyne debacle.

I am convinced that some Members of Congress—and I think from the comments I have heard here today the three here present are excepted from this—and also the Office of Management and Budget and the SSA policymakers do not fully understand the complexities of the program that the Social Security employees administer. In the case of OMB, maybe they don't care to.

I want to emphasize the following points concerning Social Security programs: One, certain aspects of these programs are inherently labor intensive; two, in cases where significant issues are involved, interviews must be face-to-face if it is to be done properly.

I have noted that current plans call for an end of the claims authorizers in the program centers. These employees do work on complicated cases which otherwise would have to be done by claims representatives in the field offices.

No systems changes will significantly reduce this type of work because these complications are simply related to the factors of entitlement as prescribed in the law.

Under present staffing, claims representatives do not have adequate time to perform current duties much less assume additional duties under the proposed staffing reductions.

Also there is a hidden work load and overdependence upon the computer system. When the system fails to perform up to expectations, it becomes necessary to implement certain emergency procedures which tend to be both labor intensive and error prone.

Therefore more work is created for a staff which has already been reduced in anticipation of less work. It should be remembered that we are talking about the administration's ability to issue checks to which people are entitled and on which they have become dependent.

Believe you me it is terrible frustrating when you have a situation where you are trying to get someone paid, and it is simply almost impossible to get this accomplished.

I tell you, you cannot survive as a long-term employee in a Social Security office unless you have some empathy with the public.

I have been there 23 years; and believe me, I know. I would not have survived if I didn't have empathy, and I think the overwhelming majority of my long-term colleagues do.

There is no substitute for a face-to-face interview to assure proper communication with claimants. Certain business can be transacted by phone, but I am convinced that overdependence on the teleservice is a continuing source of errors and misunderstandings.

Also management's overemphasis on the call count tends to compound this problem. For example I have been informed that the Grand Prairie Texas Teleservice Center management claims to complete most calls within 2 minutes and none lasts over 8 minutes. Believe you me, they have the most sophisticated state-of-the-art telephone system in the country, and they know the length of

calls. They can time every employee as to when they start and stop.

I have not yet been able to verify it, but I have heard that that call count is part of the employee's performance standard. These are employees who want to survive on their job.

If management says you have got to do something, they are going to figure out some way to do it.

Chairman JONES. You are saying this goes down to the field office to the smallest offices?

Mr. OVERTURF. I am talking now precisely about the teleservice centers. As we get more involved in greater dependence upon teleservice, we are going to have essentially the same problem. Increased use of teleservice will create more of a problem is the point.

Chairman JONES. OK.

Mr. OVERTURF. In such cases the call count becomes the objective rather than service to the claimant.

Most individuals prefer to conduct their business in a face-to-face interview even if it requires traveling long distances.

This is particularly true in the initial filing of claims and one of the reasons is that they are afraid to mail documents. Also, employees have similar concerns over mailed documents if for no other reason other than they know that these documents might be slashed when opened by the office mail opening machine. We have had reoccurring cases of that.

In October 1981, the Oklahoma City management elected to close the Guthrie, OK, contact station because a field representative retired; and he could not be replaced.

Initially they put in a red phone in what was originally the interview room. Later the phone was removed, and they replaced it by a toll-free enterprise number.

People from this area had three options for a face-to-face interview: One, drive about 35 miles to the Oklahoma City office where parking is limited and expensive; two, drive about 60 miles to either the Enid office or the Stillwater office.

I have recently found that many individuals go the 60 miles to either Enid or Stillwater.

Also I think a good case could be made for additional staffing. This is particularly true in the case of SSI. Because of staffing shortages the claims representatives are virtually chained to their desks. They do not have the capability to go out and make any on-sight reviews of claimant's allegations concerning income, resources or living arrangements.

As an example of what can happen is the case that came up in the Ardmore District where it was determined that a person had been overpaid for several years. I don't know exactly what was the final result of that, but at any rate he ran a small business. His income was well over the limit for supplementary security income.

We picked it up as a result of a random sample as a result of the Field Assessment Office review. This was just a sample case. Otherwise he may have never gotten caught.

The redetermination was what they call a profile case. The questions were based upon certain presumptions that were incorrect. A

simple onsight review could have caught that years ago and saved a huge overpayment.

Also based on my experience I am very concerned with the quality of reporting instructions to the claimants. I have an after-the-fact view of this because of my regularly assigned duties when I am not involved in my labor-management activities. I have been doing personal conferences on request for waiver of overpayment.

I am convinced that inadequate instructing of claimants occurs due to the fact that interviewers are terribly rushed. They just don't really have the time to do good, intensive instruction for claimants in regard to their reporting responsibilities.

Even though these claimants may be legally liable to repay the money, there is a breakdown in the quality of instructions which contribute to the occurrence of the overpayment.

I am convinced that the overwhelming majority of employees in field offices want to do a good job, but they must be given a reasonable opportunity. Employees under the current circumstances in my judgment, are in reality really quite often denied that opportunity.

Of course if you reduce the number of people doing the job, that is going to compound the problem.

Also I believe that claimants should be afforded a reasonable opportunity to apply for benefits to which they are entitled under the law.

I believe that the proposed office closing program would deny that to many claimants.

[The prepared statement follows:]

STATEMENT OF SYLVESTER OVERTURF, PRESIDENT, AFGE LOCAL 2505, AND REGIONAL VICE PRESIDENT FOR THE DALLAS REGION, AFGE NATIONAL COUNCIL OF SOCIAL SECURITY FIELD OFFICE LOCALS

I have been a Claims Representative in a Social Security field office for nearly 23 years. Also, I have been an elected Union Official of AFGE since 1974. I am currently the President of Local 2505 which represents employees in the Ardmore, Enid, and Oklahoma City districts. Also, I am the RVP for the Dallas Region of the National Council of the Social Security Field Official Locals. The Dallas Region includes the states of Arkansas, Louisiana, New Mexico, Oklahoma and Texas. I work closely with staff in offices in all of these states.

I believe that I am in a position to have valid opinions about the potential impact of the proposed staff reductions and office closings.

Historically Social Security decision makers do not have a good track record in advance planning. Two outstanding examples of their failures are the SSI fiasco of 1974-1976 and the SSA Future Process of the late 1970's. I am a survivor of the SSI fiasco, and I can speak about it from a personal experience. We were assured that because of the lead time, everything would be in place and ready to go. Instead, we found it to be a case study of Keystone Cops operation with a liberal ingredient of Murphy' Law. One only has to read the Vanik Committee report to understand the degree to which they erred in planning the implementation of this program.

The SSA Future Process had substantial similarities to the current proposed systems modernization plan. In this instance the SSA decision makers invested millions of dollars in a proposed computer system which was proven to be so unfeasible that it had to be abandoned. As a result of all the eggs being put in the wrong basket, the Administration was left with an antiquated computer system that was on the verge of collapse by 1980. In addition to the two above, we have a recent example of the Paradyne debacle.

I am convinced that some members of Congress, OMB and the SSA policy makers do not understand the complexities of the program which Social Security employees administer. I want to emphasize the following points concerning Social Security programs. (1) Certain aspects of these programs are inherently labor intensive. (2) In

cases where significant issues are involved, interviewing must be face-to-face if it is to be done properly.

I have noted that current plans call for eliminating the claims authorizers in the program centers. These employees do work on complicated cases which otherwise would have to be done by Claims Representatives in the field offices. No system changes will significantly reduce this type of work because of the factors of entitlement as prescribed in the law. Under present staffing, Claims Representatives do not have adequate time to perform current duties much less assume additional duties under the proposed staffing reduction.

There is a hidden work load in an over dependance on a computer system. When the system fails to perform up to expectations, it becomes necessary to implement certain emergency procedures which tend to be both labor intensive and error prone. Therefore, more work is created for a staff which has been reduced in anticipation of less work. It should be remembered that we are talking about the administration's ability to issue checks to which people are entitled and on which they are dependent. IRS's current trouble with a less complex system is a good indicator of potential problems which could occur in the proposed Social Security System.

There is no substitute for a face-to-face interview to assure proper communication with claimants. Certain business can be transacted by telephone, but I am convinced that over dependence on teleservice is a continuing source of errors and misunderstanding. Also, management's over emphasis on the "call count" tends to compound this problem. For example, I have been informed that the Grand Prairie, Texas TSC claims to complete most calls within 2 minutes and none lasts over 8 minutes. In such cases, the call count becomes the objective rather than servicing the claimants.

Most individuals prefer to visit the office to conduct their business even if it requires traveling long distances. This is particularly true in the initial filing of claims and one of the reasons is that they are afraid to mail documents. Also, employees have a similar concern for mailed documents if for no reason other than they know these documents could be damaged when envelopes are run through the mail opening machine.

In October 1981, the Oklahoma City management elected to close the Guthrie, Oklahoma contact station because a Field Representative retired, and he could not be replaced. Initially, a red phone was put in the room for Claimants to use, but later it was removed and replaced with a toll free enterprise number. Individuals in the Guthrie area had one of three options for an in person interview.

(1) Drive about 35 miles to Oklahoma City where parking is limited and expensive;

(2) Drive about 60 miles to the Enid Office;

(3) Drive about 60 miles to the Stillwater Office. I have recently found that many individuals go to Enid or Stillwater even though it is in the Oklahoma City Service area.

I think a good case could be made for a need for additional staffing. This is particularly true in the case of SSI. Because of staff shortages, the claims representatives are virtually chained to their desk and there are virtually no on site verification of claimant's allegations. Recently a SSI claimant in the Ardmore, Oklahoma district was found to be overpaid for several years because of unreported income from a small business. Timely redeterminations had been conducted but this was a profile case and the questions were based upon incorrect presumption. An on site contact would have prevented a very large overpayment.

Based upon my experience, I have been very concerned with the quality of reporting instructions given to claimants after claims are filed. As my regularly assigned duties, I have been doing personal conferences on request for waiver of repayment of overpayments. I have become convinced that certain overpayments could have been avoided if more time could have been devoted to emphasizing reporting responsibilities. If under present circumstances interviews are too rushed to properly emphasize these responsibilities, one can foresee what will happen if interviewers must conduct more interviews.

I believe that the overwhelming majority of emloyees in field offices want to do a good job, but they must be given a reasonable opportunity. Employees are being denied that opportunity under the current situation and this will be even more so under the proposed staff reductions. Individuals should be afforded a reasonable opportunity to apply for the benefits to which they are entitled under the law. I believe that the proposed office closing would deny many claimants that opportunity.

Chairman JONES. Thank you very much.

Mr. Smith, do you have anything to add to that?

Mr. SMITH. Yes, sir.

I have my own statement to make.

Chairman JONES. OK.

If you could summarize it, we have a number of witnesses, and we are running out of time.

STATEMENT OF ROBERT R. SMITH, AREA REPRESENTATIVE, TULSA LOCAL 2387, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Mr. SMITH. My name is Robert Smith. I am a title 16 claims representative. I am the former president of AFGE 2387 which represents all the employees in the Tulsa district office and the Miami and Bartlesville branch offices.

There has been a good deal of testimony broad in scope dealing with the proposed cutbacks in SSA. These changes are to meet demands for dollar savings, and we are asked to believe that essentially no impact on quality of service or delivery of service will result from it. We are told to believe that these cutbacks will not affect our payment accuracy. Yet if Social Security's payment error rate rises by a mere two-tenths of 1 percent for 1 year, the savings proposed by the administration for 3 years will be entirely wiped out. It does not follow that reduced staffing and an unproven computer system could keep the error rate from rising drastically.

It should not be any surprise that the administration presents such illusory savings by proposing wholesale cutbacks, the impact of which has not been fully assessed. A major characteristic of SSA management style is that it is dedicated to short-term goals. It is a single-minded committment to processing time measurements and other numbers, two-dimensional measurements which do not account for service quality or delivery of service to all those due it. Essentially we reduce people to numbers and not holding SSA accountable for service delivery. In light of the recent testimonies it is not any wonder that offices nationwide resorted to questionable practices in order to inhance their statistical results.

In fact the net result will be savings not through more efficient operations but with de facto denial of services and benefits. Time, distance, and lack of personnel will serve to effectively exclude deserving members of the public from exercising their statutory rights.

The Tulsa district consists of people, ordinary citizens who SSA is committed to serve. To provide this service the SSA Tulsa district office consists of a main office, two branch offices in Miami and Bartlesville and four contact stations in Sapulpa, Bristow, Claremore, and Pryor. Under the proposed cuts all this would be reduced to a single office in Tulsa to serve the same huge area with an ever-growing population, a population that is getting older. The median age in the United States is 31 now which is the highest in its history. Naturally concurrent staffing cuts will curtail telephone service and clerical support in the office which will further increase the burden on claims representatives. As an example in my processing section now we have one clerical person for seven claims representatives. The net result is that the claims representatives are diverted from their essential job of adjudication of bene-

fit rights to try to associate mail, answer telephones, and other clerical tasks.

Such cutbacks will obviously further hamper our ability to deliver service in this area. Even though it is alleged that systems modernization will alleviate these potential problems, I point out that systems modernization is scheduled first for items of relative simplicity, such as retirement benefit claims. The very complex area such as supplemental security income, disability and postentitlement will not be implemented until 1990 or later.

Anyone entering our Pryor, OK, contact station on a business day can find 75 or more people waiting to talk to an SSA representative. Many of them will wait for hours since only two employees are sent to serve them. Some have traveled over 40 miles just to be in that contact station. Their only alternative is to travel to an unfamiliar metropolitan area 34 miles and visit the Tulsa office.

Now we are assured that these proposed cutbacks will result in more efficent service; but the same persons I mentioned, largely the aged and infirm, will be forced to travel long distances in order to sit and wait for a smaller beleaguered staff to get to them, provided that visitor has transportation.

Now people still want face-to-face contact. They need it.

Actually what is the real alternative open to these people. I am concerned that they will not contact us at all. Therein are the real savings to be made. If we exclude a significant number of our public from the service they need and to which they are entitled. Otherwise everyone else will be happy. The processing numbers will be met and the dollar savings realized. The true cost will be born by the Tulsa public and indeed nationwide. They have paid into the system all of their lives, and we greet them with changes geared to deny them their earned rights.

Social Security's only mission is to serve the people and be available to do that. In my estimation that requires more staffing and more offices.

Chairman JONES. Thank you, Mr. Smith.

I think you made a very good comment about waiting to find out if the technology and improvements are working before you have any significant reduction in personnel. This is one of the things that came out of the Washington hearing.

Let me ask you both the same question I asked the previous witness.

Do you have any indication of any manipulation of the statistics, because of pressure coming from higher offices to perform in a certain way that they think means good management?

Mr. SMITH. In a district office the numbers are everything. Everything is geared around meeting the numbers that are required that are sent down from on high.

Not since I have been in this district, but I worked in the Chicago region for some years and there was mass manipulation of statistics in order to meet the numbers.

Say if we have a case that is going to take a good deal of time to process, then the office may try to figure a way to exclude it. Now there are certain ways in the system that you can indicate certain codes that the computer measurement system would pickup.

I know that in several offices I witnessed in Illinois that occurred often.

Chairman JONES. Is this widespread enough to cause serious employee morale problems?

Mr. SMITH. I think it is.

There is too much pressure at the district. It is just processing by numbers even to some points your career plans and promotion and evaluation to a great extent are based on that.

Chairman JONES. This came up in the Washington hearing, and I asked our staff to investigate this more closely. If this is happening to make things look good on paper, and there is a deterioration in the quality of service to the people, then it is something we want to get into and put a stop to.

Mr. OVERTURF. I would like to respond to that too.

I have some specific instances in mind I would like to cite.

For example a while back I became aware of a situation in an office in south Texas. We have these regularly scheduled determinations for SSI. The goals are to have a certain number completed by a certain date.

It is an office that has a large number of aliens and the situation was such that there was no way he could ever meet the GAO; so what this manager did was he told his supervisors to input the incompleted cases. The local onsight representative sent me the information, and I verified it on the system. So I personally know it is true.

He had them input the cases like they were completed, although these people had not even been contacted. He said we will do the cases afterward, but we must get them off the system by the particular date.

Another example would be SSI on overpayments. I know one specific case where in order to meet their numbers on working overpayments on SSI they would make a systems input and stop the time from running on this uncompleted workload. The system would show that they had done all this work while it was still setting there and it wasn't done at all.

Also another example is a method to get the mean processing time down on retirement claims. They will expedite the clean claims, the quick and easy ones, to try to shave a day or two or three off of those. These usually involve people who are not entitled to a check for maybe 3 months. They will leave sitting around claims on which benefits are currently due that require some labor intensive work because they are fewer in number. Overall they lose less time as an average mean processing time by expediting the "clean" claims. The net result is that claimants currently due benefits may receive lower priority.

Also I want to emphasize that employees are in reality to a great extent terrified of these numbers. There is not only the matter of career and promotions but it might also be a matter of whether or not you get fired.

We can arbitrate these adverse actions under the contract, and we have been very successful in getting reversals on the firings because the management had unreasonable standards or he held the employee accountable for factors beyond their control.

Chairman JONES. I thank you for some of those examples. As I say, we have instructed our staff to look into this more carefully.

Is Mr. Norman Hollis here?

[No response.]

Chairman JONES. We have a message for Mr. Norman Hollis if he shows up.

Mr. Synar.

Mr. SYNAR. No questions, Mr. Chairman.

I just want to say one thing. I hope that you all won't hesitate to be involved in this process because I believe the people who are on the frontline at the various offices are the best experts on what needs to be done; so if, up the chain of command, you don't get the answers you need, don't hesitate to come back to your congressional offices; and we will make your case for you.

Chairman JONES. Mr. Watkins.

Mr. WATKINS. Mr. Chairman, just one quick question.

Do you have any knowledge or awareness of any Social Security worker being harassed by the upper management in order to get them to quit to meet the employee reductions that many of them feel like they are going under?

Mr. OVERTURF. Not to my knowledge.

Mr. SMITH. To get a work force out. To get them out of the work force or the office, no. We have had harassment for a reason and some of it has to do with meeting the numbers and that kind of thing. For that particular reason; no.

Mr. WATKINS. To save time, you might want to provide that information to the committee.

Thank you, Mr. Chairman.

Chairman JONES. Thank you very much, Mr. Watkins; and thank you for testifying.

Next, we have a panel of four persons. I would like you to take your place at the witness table. Judy Blackwell representing the Tulsa Community Internal Medicine Center; Jack Francis, the Oklahoma Podiatric Medical Association, Tulsa; Steve Hickman, an attorney at law in Tulsa; and John Slater, administrative law judge, Social Security Administration, Tulsa.

Each of you can summarize your testimony. The entire testimony will be included in the record. I would appreciate it if you would be aware of the time constraints we have; and if you can summarize as quickly as possible, then we will get into the questions.

Why don't we begin in the order that I just called your names. Ms. Blackwell, would you care to start off? You will have to keep the microphone fairly close to you.

Let me suggest that those of you who are standing, if you would like to take a seat, we have some available.

It looks like we also have a class here studying government. I am glad to have you here.

If you will please take a seat and remain as quiet as possible, so the rest of us can hear the testimony, we can proceed.

STATEMENT OF JUDITH BLACKWELL, M.D., TULSA COMMUNITY INTERNAL MEDICINE CENTER

Dr. BLACKWELL. I am Judith Blackwell. I am a physician on the faculty of the University of Oklahoma. My position is as director of the Tulsa Medical College Outpatient Clinic.

We provide services for patients of limited means. In that role we see a number of patients with disabilities that go through the Social Security process.

I have several observations that might be pertinent from working with the patients and talking with my colleagues. One thing we noticed in the last several years was a real difficulty in getting appropriate disability for people with psychiatric problems. That was a real problem about 2 years ago.

That seems to have improved. I don't know what would account for that, but is going much more smoothly. I think it is being much more quickly and fairly adjudicated for these people.

A second observation is that patients seeking disability examination are assigned to a designated Social Security physician without regard to that physician's particular expertise or training. Some problems are appropriate to evaluation by those of us in general care. Others may not be.

It would seem reasonable to require a small amount of inservice training for the doctors certified. They do these exams so that they will be appropriate and uniform. It would also seem appropriate to have a mechanism for allowing referral of certain complex problems to a subspecialist for a definitive, initial exam.

If there is a large discrepancy between the patients own physician and the Social Security designated physician, I would suggest the case be immediately sent through a third-physician abriter instead of being based on only the Social Security physician's exam. This would avoid many long appeals. I am currently aware of mechanism for this in Social Security. There is in worksman's compensation.

I think that some of these cases go to review and appeal when initially the exam could have been completed more expeditiously.

Chairman JONES. You are talking about the person in the Social Security Administration office or are you talking about the doctor?

Dr. BLACKWELL. I am talking about both. In other words, if, for example a patient is cared for by another doctor, and he finds the patient to be disabled; and there is a big discrepancy by the designated Social Security physician. They say, "I think your patient is fine."

With that large a discrepancy it seems like if that was presented to the Social Security Administration someone might be able to say this is going to go a long way through appeals. Maybe at this point we need an arbitration exam instead of having to go through review and then having filed with Social Security all the way up to appeals.

The third thing that I would mention is it has been my observation that people without means and expertise are obviously going to have a rough time getting through this process; and that people who are more—maybe more experienced in dealing with what is in the end a legal system are aware enough that by the time they get

to the appeal process they will have sought legal counsel or had some advising on how exactly to proceed through what is a maze.

I think that by the time someone is ready to ask for review and certainly by the time they are ready to go down to the post office and file a request for an appeal that it would be helpful if someone had provided them with an understanding of how to obtain legal counsel for advise through this process.

We have used legal aid, but we have had to refer the patient there. Sometimes they have been very helpful, but the best I can tell is there is no setup in the Social Security office to alert and advise people as to exactly what the steps are going to be. I think that would help them a great deal. It probably would save time and money.

Those are all the comments that I have.

Chairman JONES. Thank you very much.

We will let all of you go ahead with your statements, and then I would like to have anyone who wishes, to react to each other's statement. We will have questions.

Jack Francis.

STATEMENT OF JACK J. FRANCIS, EXECUTIVE DIRECTOR, OKLAHOMA PODIATRIC MEDICAL ASSOCIATION

Mr. FRANCIS. I am Jack Francis, presently director of one of the statewide medical associations. As you know, before my retirement 6 years ago, I was a career employee with the Social Security Administration.

I served my last years as manager of the Social Security branch office in Miami, OK. I don't need to remind Congressman Synar that I was always interested during my Social Security tenure, in service to the public because I had a lot of dealings with both of his offices.

My work with Social Security spanned more than 25 years. I served in Arkansas, Texas, and Oklahoma.

The quality of service has always been the hallmark of Social Security. This is an exceptional Government agency. I will still say that today, 6 years after I am out of it.

The right check for the right amount, to the right person, at the right time, with a genuine concern for the client, the aged, the disabled, and the survivor.

Now that I am out of Government, I am now concerned about the public's perception of Social Security's financial position and its willingness to serve the public.

This week I attended a hearing in Oklahoma City in which U.S. Senator Don Nickles was looking into rural health care delivery. I heard a Government official from an Oklahoma urban area say that rural hospitals should be closed because they could not provide quality care.

Like others in the hearing, including the Senator, I was appalled at the prospect of a future of only five or six acute care centers in Oklahoma.

I have a feeling this is the attitude of some of our bureaucrats toward rural communities.

I served in three small Social Security offices. An objective analysis, I believe, would show a high level of quality service in small Social Security offices.

Social Security has over the years tried consolidated and decentralized claims-taking several times. It seems to always come back to serving the public on a local level.

The changes are costly. Any reduction in local service should be considered carefully. Social Security hits at the heartstrings of all our familiies.

We all realize now is the time for belt-tightening, but I implore the subcommittee to examine carefully the administration's plans to cut Social Security staff and close local offices. This whole scheme is poorly timed and strikes another blow at the integrity of the Social Security Administration in the minds of the American people.

Quality of service must be maintained. To weaken the public's confidence in Social Security at this time would be very foolhearty.

I might say this, Mr. Chairman. One of the things that they proposed in terms of cutting service and closing offices would be a thing in which I was very much involved. For a number of years, I was in a job position called field representative. I took the services of a Social Security office to county seats, like Pryor, Vinita, and Kingfisher.

The beginning time at these contact stations might be 9 a.m. or 9:30 a.m., but I would normally get there between 7:30 a.m. and 8 a.m., on my own time because of the vast number of people who had been waiting there since before I got there.

To say that the number of people waiting at Pryor could very well be 75 on a given day, would be very true.

We tried to ask the people—which of you have the shortest interviews; and of course everybody said mine is short and so forth.

You might have a couple of complex disability claims with minor children up front and they wanted to be first.

Some of the people there, before it was all over, had waited almost all morning to talk to you.

I am not really sure that going back to the field representative system of serving rural America is a saving in itself because of the added travel costs. The fact is that a lot of the travelers are asked to travel on their own time to get to the places and so on.

Some of the offices that would be closed probably have leases. I am always amused that the Government deserts a lease and goes off and leaves something vacant to be paid on.

I remember in Dallas the regional office had a problem regarding interior environment. A building across the street that they could have bought several years ago, they ended up paying several times more for in rent just to use the building.

The people in rural America, if we go back to the field representatives system, don't always want to wait a week or a month to see their representative. The spacing of visits of field representatives, they are called traveling claims representatives now, is based supposedly on the volume.

Some places like Sapulpa or Pryor might have two or three trips a week. That is fine. You might find other localities where you go only once a month.

Now if something happened to someone who is disabled or retired or to a survivor they might want their answer right away, and they might be inconvenienced by that long drive into Tulsa.

I know. I was there when it happened. I know that teleservice was ballyhooed as being the greatest thing that ever happened. There were long delays. There still are.

I think that Social Security is so important to all American families. They want a face-to-face interview. They deserve that much.

Chairman JONES. Thank you very much.

[The prepared statement follows:]

STATEMENT OF JACK J. FRANCIS, EXECUTIVE DIRECTOR, OKLAHOMA PODIATRIC MEDICAL ASSOCIATION

I would like to thank the Subcommittee on Social Security for this opportunity to testify.

As you may know, before my retirement six years ago I was a career employee of the Social Security Administration, serving the last years as manager of the Social Security Branch Office in Miami, Oklahoma.

My work with Social Security spanned more than twenty-five years, serving in various capacities in Arkansas, Oklahoma and Texas.

Quality of service has always been a hallmark of the Social Security Administration. It is truly an exceptional governmental agency. "The right check, in the right amount, to the right person, at the right time", but always a genuine concern for the client—the aged, the disabled and the survivor.

Now that I am out of government I am more concerned at the public's preception of Social Security's financial condition and its willingness to serve the public.

This week I attended a hearing in Oklahoma City at which U.S. Senator Don Nickles was looking into rural health care delivery. I heard a government official from an urban area say that rural hospitals should be closed because they couldn't provide quality care. Like the others at the hearing, I was apalled at the prospect of a future with only five or six acute care centers in Oklahoma.

I served in three small town Social Security offices. An objectives analysis, I believe, would show a high level of quality of service in most small Social Security offices. Social Security has, over the years, tried consolidated and decentralized claims taking services several times. It seems to always come back to serving the public on a local basis. The changes are costly. Any reduction in local service should be considered carefully.

Social Security hits at the heartstring of all of our families. We should all realize that now is a time for belt-tightening, but I implore the subcommittee to examine carefully the Administration's plans to cut Social Security staff and close local offices. This whole scheme is poorly timed and strikes another blow at the integrity of the Social Security Administration in the minds of the American people.

Quality of service must be maintained. To further weaken the public's confidence in Social Security would be foolhearty.

Chairman JONES. Steve Hickman is next.

STATEMENT OF STEVE HICKMAN, FRASIER & FRASIER, ATTORNEYS, TULSA

Mr. HICKMAN. Thank you.

My name is Steve Hickman. I am an attorney in Tulsa and do some disability Social Security work. I do very little nondisability type stuff.

The Social Security Administration is a great big Government organization. It is inscrutable, and it is frustrating to deal with.

I think that there are two things that that can be controlled. One is personal contact with representatives of the Social Security Administration. The theory that you get to see your accuser; that you are not dealing with some machine. You are dealing with a person.

If you write that person a letter from Wagner, and you write it to Tulsa. You are not going to get something done; but if you go and sit in that office for 5 hours, you get to see somebody and they are standing before you they are going to have to do something for you.

My experience with the Office of Hearings and Appeals is it is very helpful, it is very courteous, it is very accommodating; and that they are very people oriented; that it is labor intensive, but it is dealing with people. They're conscientious in the way they make their decisions, and that is partly because you are in front of an administrative law judge, and he has to look you in the eye. Although he doesn't tell you at the time that you are not going to get it, you get to tell your story to him.

He doesn't look you in the eye and tell you you are going to get it either, but you have gotten to tell your story to him and he has had to face you.

The experience that I have had with lower than the administrative law judge level is less than adequate. From my point of view when somebody comes into my office with a disability claim or a Social Security problem, the first thing I do is move it as fast as possible to the administrative law judge level because that is the only place from my experience that anybody listens to you.

That is because that is the only place I experienced they look you in the face.

The other way that the Government, as I see it can be controlled is to have a representative. I know Mr. Jones has dozens of people that come to his offices, and I suppose you all do. The reason is they can't get through the morass in Social Security, and you do a lot of work for them.

The other way of solving that problem is to have an attorney. My experience is that the Social Security Administration by the way it is set up discourages people from having an attorney. We are dealing with people that don't have any money and no way to pay a lawyer. They are walking into a lawyer's office and saying,"Help me."

The only key to the court house for the poor people has been the contingency fee which, in my experience, the Social Security Administration discourages.

You are relegated to charging someone on an hourly rate as you would if you were going to get paid, and just hope at the end that if you win you do get paid because if you don't win you are not going to because you are dealing with people who don't have any money.

If you take it on a contingency of 25 percent or 30 percent or whatever the going rate is and you send it in to Social Security, they come back and say,"We are not going to pay you that."

The Congressmen's offices would probably have fewer people if there were a way that lawyers could get compensated and people could have their own representatives.

That is all I have.

Chairman JONES. Thank you.

Now, Judge Slater.

STATEMENT OF JOHN SLATER, ADMINISTRATIVE LAW JUDGE, SOCIAL SECURITY ADMINISTRATION, TULSA, OK

Judge SLATER. I am John Slater, and I am an administrative law judge in charge of the Tulsa Office of Hearings and Appeals.

I want to thank you for this opportunity to appear here this morning and talk to you about our program.

The Tulsa office services an area in northeast Oklahoma consisting of 17 counties served by 2 district offices and three branch offices of the Social Security Administration. Our office conducts hearings in Tulsa, Muskogee, Miami, and Vinita. We have three administrative law judges and 16 other employees which gives us a staffing ratio of 5.3 employees per judge.

For those who might not be familiar with our mission, after a claim has been denied on any issue, initially and on reconsideration, they have a right to an oral hearing before an administrative law judge. Our office receives requests for hearings, reviews claims files to select exhibits, requests technical/medical evidence not included in the file, schedules hearings with necessary medical advisers and vocational experts, and provides decisions which are completed in our word processing unit. After the decision has been made, we approve attorney's fees and review additional medical evidence. We have administrative positions to support our mission. I am very proud of the quality of the cases we develop in our Tulsa office. The staff makes every effort to secure all evidence whether or not the claimant is represented.

In 1981, we were able to put out 1,539 decisions, which is about 43 decisions per judge per month which is pretty good with the national average.

In 1984, we delivered 1,321 decisions or 36 per month. The number of cases we have received in 1984 was significantly reduced by the moratorium on continuing disability reviews which was imposed in May.

Recently, the national goal of 137 days was established for total processing times of the cases. In February of this year, the Tulsa office processing time was 158 days. In March, our average processing time was 130 days. Out of a total of 351 cases in our office on April 1, only 12 cases had a request for hearing date older than 6 months.

Approximately 99 percent of our cases involve the question of disability. However, we have a few cases related to the question of overpayment, various types of benefits, family relationships, age, and Medicare. Occasionally, we see other types of cases such as FDIC, Comptroller of the Currency, civil rights, which are not associated with Social Security.

Our objective is to provide an impartial hearing and to issue a fair decision to the claimant as quickly as possible.

Thank you.

[The prepared statement follows:]

STATEMENT OF JOHN SLATER, ADMINISTRATIVE LAW JUDGE, SOCIAL SECURITY ADMINISTRATION

I want to take this opportunity to thank you for inviting me to appear today and present some information about the Tulsa Office of Hearings and Appeals. Hopeful-

ly, some of the information will help you assess the delivery and quality of the services we furnish the public.

The Tulsa OHA services an area in northeast Oklahoma consisting of 17 counties, served by 2 District Offices and 3 Branch Offices of the Social Security Administration. Our office conducts hearings in Tulsa, Muskogee, and Miami/Vinita. We have three Administrative Law Judges and 16 other employees, which gives us a staffing ratio per judge of 5.3 employees.

For those of you not familiar with our mission, after a claimant has been denied on any issue initially and on reconsideration, they have the right to an oral hearing before an ALJ. Our office receives requests for hearings, reviews claim files to select exhibits, requests technical/medical evidence not include in the file, schedules hearings with necessary medical advisors and vocational experts, holds and makes a permanent record of the hearings, and writes decisions, completed in our word processing unit. After the decision is mailed, we approve attorney's fees and review additional medical evidence. We have administrative positions to support our mission. I am very proud of the quality of the cases we develop in our Tulsa office! The staff makes every effort to secure all evidence, whether or not the claimant is represented.

The Tulsa office also receives cases from other OHA's throughout the country, depending upon their workload and our own. In 1981, we received 1,399 local cases and 115 were received from out of our service area, for a total of 1,514 cases. We were able to deliver 1,539 decisions, or 43 per judge per month. In 1984, we received 1,037 local cases and 30 cases from out of our service area, for a total of 1,067 cases. We were able to deliver 1,321 decisions, or 36 per judge per month. The number of cases we received in 1984 was significantly reduced by the moritorium imposed on continuing disability reviews in May.

Recently, a National Goal of 137 days was established for total processing time of cases. In February of this year, the Tulsa OHA processing time was 158 days; in March, our average processing time was 138 days. Out of a total of 351 cases in our office on April 1, 1985, only 12 cases had a request for hearing date older than 6 months.

Approximately 99 percent of the cases we hear involve the question of disability; however, we also have a few cases relating to questions of overpayment of various types of benefits, family relationships, age, and medicare. Occasionally, we receive other types of cases, i.e., FDIC, Comptroller of the Currency, and Civil Rights, not associated with Social Security.

Our objective is to provide an impartial hearing and to issue a fair decision to the claimant as quickly as possible.

Chairman JONES. Thank you, Judge Slater.

Did you say it takes 138 days to process a claim? Is that from the time you hear it to the time the decision is made?

Judge SLATER. No, that would be from the time the request for hearing is filed.

Chairman JONES. How does that compare with the national statistics?

Judge SLATER. The national goal is 137 days. Just after they set the goal, we hit 130 days so we are pretty close. It is going to vary quite a bit now because we are not processing many cases. One case can make a lot of difference.

Chairman JONES. Mr. Synar, is going to have to leave. I will call on him.

Mr. SYNAR. Thank you, Jim.

I apologize for having to steal out, but I have another meeting at 11:30. Let me thank this panel for your comments.

Jim, thanks again for having this hearing. I think by the attendance today it shows a great concern on this issue. I will work very closely with you, and I thank Wes for being here today.

Chairman JONES. Thank you.

Mr. Watkins. [Applause.]

Mr. WATKINS. Mr. Chairman, I have no questions. I think there have been some very good points made.

Chairman JONES. As I understand it, the Office of Hearings and Appeals will lose approximately 7 percent of its staff if the Administration's plan is put into effect for fiscal year 1986.

Can you absorb this?

Judge SLATER. I haven't heard those figures. Right now we probably could because approximately 30 percent of the cases we process were reduced by the moritorium.

I understand that the 1984 reform legislation which the Secretary is preparing regulation on how you review continuing disability cases and what the law or test would be for disability.

When those conditions start coming back through, the number will go up. It will be as high as it was and maybe higher. At that time we will not be able to have a reduced staff.

We are kind of in a lull right now.

I might say that the information that I have is that the Office of Hearings and Appeals claims to have a class for 30 judges later on this year and then another class for 35. It sounds like they are hiring judges although it will probably just make up for attrition.

Chairman JONES. Let me ask Mr. Hickman. The staff says we haven't heard the charge you make here. They want you to elaborate on your statement the,"Social Security discourages payment of attorney's fees."

There is a standard process for paying attorney's fees. The staff informs me we haven't heard that particular concern expressed, and we want you to elaborate.

Mr. HICKMAN. The reason that our office does Social Security is probably 80 percent of them are part of a worker's compensation claim. We are doing it basically as an accommodation to our client.

We don't consider it a money making proposition. The reason for that is—of course an attorney can make money if he—well, attorneys can make money. My experience is that the problem is that they will only pay you your hourly rate for the hours you have in the case, which if you were going to get paid on all your cases would be fine. If you are going to lose half your cases, that means you are doing it on a contingency; but you are only getting your hourly rate.

The secretary still has to be paid, and the kids still need shoes.

In essence what you are doing is in overall the cases is charging half rate.

Chairman JONES. I see what you are saying, OK.

Mr. HICKMAN. Now if you could do it on a straight contingency, and they allowed you 25 percent or something, you are taking a risk and over time you are doing fine.

Chairman JONES. Dr. Blackwell, since the law was changed and there was a crackdown on the disability, the burden of proof was on the recipient to prove that he or she was now disabled; in the meantime, they were taken off the roles.

We changed the law and the matter of burden of proof. Now it is up to the Government to prove that the person is no longer disabled by way of that appeals process, and the person continues to draw benefits in the meantime.

Are you seeing any change in attitude or any comments you would like to make on that, from what you can see? Is it working? Are there still complaints about that?

Dr. BLACKWELL. I haven't dealt with that many of those cases. The one I have—the ones I have dealt with there seems to have been an appropriate decision.

My only feeling is that earlier on the medical evaluation it could be more efficiently done.

Chairman JONES. I am wondering if that is different in our office.

Pat, do you want to address what they are supposed to be doing?

Ms. DILLEY. Yes; the Social Security Administration is supposed to give instructions to all district office personnel to make it very clear to disability applicants what their appeal rights are, and how they are supposed to go through that. There have been a lot of complaints about that. I think it is part of the implementation of the bill that we passed last year on disability, and there is going to be a much stronger emphasis by the district office personnel to do a very extensive intake interview and make it clear what kinds of medical evidence needs to be gathered and make it clear what people's appeal rights are.

We also had a provision in the bill that requires referral of all existing medical evidence available. The intent of that bill is the situation you are talking about. We would certainly like to hear from you if that hasn't been resolved.

Chairman JONES. Would any other member of the panel want to respond to anything anyone else has said?

[No response.]

Chairman JONES. If not, thank you very much for your testimony.

Our last panel—I hope we can get everybody around the table here—representing the National Association of Retired Federal Employees is H.L. Ripple, State president for Oklahoma; representing the American Association of Retired Persons, Mr. Udell LaVictoire, the Health Advocacy Services State coordinator from Oklahoma City—Udell was in our leadoff hearings in Washington this past week; representing the Turley Adult & Nutrition Site Center, the past coordinator, Iola Claussen; the president of the Tulsa Coalition of Older People is Mr. Charles Cramer; representing the Tulsa Senior Services is Director Ren Pope; director of the Tulsa Area Agency on Aging is Tom Hagan and executive director of the areawide agency on aging from Oklahoma City, Charlotte Heard.

Welcome to all of you.

Mr. Ripple, will you lead off. We are going to ask that each of you summarize your testimony. We will include the entire testimony in the record.

STATEMENT OF H.L. RIPPLE, OKLAHOMA STATE PRESIDENT, NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES

Mr. RIPPLE. Thank you, Mr. Chairman. My testimony is very short anyway. My name is H.L. Ripple. I am president of the Oklahoma chapter of the National Association of Retired Federal Employees. I live in Midwest City.

The 38,500 Federal retirees in the State are honored to be able to express their views to the committee.

While many of our annuitants and survivors do not receive Social Security benefits, they must prevail themselves of the serv-

ices and advice offered by the Social Security Administration; and as a group vitally concerned with the functions and legislation affecting our peer group, we are deeply concerned on the subject of proposed Social Security Administration staffing reductions and office closings.

We feel that the Social Security Administration in Oklahoma does a good job in servicing the 450,000 beneficiaries in this State. This figure does not include the myriad of calls and personal questions that are handed by the SSA offices. If anything the greatest compiaints appear from the customers who complain of the long lines in the offices, the extensive waiting times for telephone service and the distance that must be traveled to the local office.

Nationally the SSA administrative costs consumes about 1.5 percent of the SSA's total budget with a relatively low error rate. If the proposed reductions are consumated and the national figures of 36 million beneficiaries is scheduled to increase to 40 million plus by 1990, it is inconceivable that more efficiency at less error rate can be achieved by reduced labor force by closing and downgrading of offices within the State of Oklahoma. Rather it should be considered how the SSA should be gearing up to accommodate for the increasing needs of a growing beneficiary population. From information obtained from the Select Committee on Aging, the U.S. House of Representatives, it is proposed under a heading SSA "Offices Most Likely To Be Closed," Oklahoma is proposed to lose 10 offices. Under the second heading "Offices Which May be Downgraded or Closed" Oklahoma is proposed to lose an additional five offices. Most of these are in small communities or rural areas.

In a State where 60 percent of the rural elderly no longer drive and transportation from the parts of the State is a real problem, this can pose an extreme hardship. Further, the loss of personalized relationships between beneficiaries and their Government, added to the trauma of retirement could be most damaging to an increasing elderly population.

All efforts should be aimed at greater personalizing the relationship rather than decreasing it. This is unlikely to occur in an already undermanned and overworked staff is asked to serve an even greater case load. Surely the low rate of error enjoyed by the agency and of the SSA's reason to be proud, will climb with a vengeance. Mail backlogs, longer lines in offices and the strain on handicapped or impaired elderly plus the need to arrange transportation to the local office might be more than some wish to bear.

While the proposed office closings and the reduction of personnel across the SSA system are in themselves a potentially devastating impact upon many Social Security beneficiaries, we understand that the SSA is considering an additional proposal that would call for the elimination of 34 of the Agency's telephone service centers. This we feel would eliminate the extremely valuable tool that allows the handling of routine questions and answers without a trip from the local office—to the local office. We urge the committee to consider the retention of these telephone service centers. To expose the retired elderly, many who have difficulty in filling out their Medicare and Medicaid forms for payment without assistance to computer centers as proposed by SSA in lieu of personal services offered by present SSA employees is considered unconscionable.

Economics are sure to enter into any proposed reduction package and cries of "reduce the deficit" will echo throughout the land. We, too, feel that the deficit should be reduced, but funds utilizing dedicated trust funds such as the Social Security trust fund and the civil service retirement trust fund do not reduce the deficit and the public should be told so. Staffing and office reduction such as those proposed only tend to undermine the faith in the system and will not relieve the current budget crisis but will surely confuse and confound an increasingly elderly population.

Thank you for this opportunity to express the views of the Oklahoma Federation of Retired Federal Employees.

Chairman JONES. Thank you very much, Mr. Ripple.

The next witness is Mr. Udell LaVictoire from the AARP. I welcome you back home. Mr. LaVictoire, as I mentioned, was one of our leadoff witnesses in the Washington hearing that started earlier this month.

I am going to pose a question, since it came up during the hearing in Washington. Do we have any knowledge or any statistics on the number of retired persons who do not use the computerized methods of banking, for example, versus wanting to make the extra effort to have the personal approach with their bank with their checks and things like that?

It was a concern that was raised there, and one Mr. Watkins raised today. It was, if we do away with or substantially cut the personal service, that is going to be very debilitating to an older person who is not comfortable with the computer.

Do you have any statistics on retired persons who just don't use the computerized operations in their daily life?

STATEMENT OF UDELL LaVICTOIRE, OKLAHOMA CITY HEALTH ADVOCACY SERVICES STATE COORDINATOR, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. LAVICTOIRE. Chairman Jones, Congressman Watkins, I am representing the Association of Retired Persons. Also, I have been asked to speak on behalf of the Save Our Security Coalition, a coalition of 109 organizations. They say that their membership exceeds 40 million. If you could get all their votes, you two wouldn't have to campaign anymore.

If my comments differ from the printed material, it is because I have put that aside both from the standpoint of time and I will get to your question, Mr. Congressman. Also because of what I have been hearing.

The administration's proposal would involve a 20-percent cut, would involve closing out or downgrading most of the offices in Oklahoma.

We have 23 offices. Fifteen would be affected by the administration's proposal, a very arbitrary proposal.

Before I comment on that, I want to comment on one other thing because it seems that we are very much as older people—we keep getting devastating blows. The recent proposal by the administration and some of the Senators for the COLA caps, the cost-of-living cap.

Up 3 percent for the Pentagon and the fireworks, and down 2 percent for older people—$20 million up for the Pentagon and $20 million down for older people. It makes you wonder who cares for whom. What is important in our Nation according to at least the administration?

Let me summarize our conclusions on the proposed change in the structure of Social Security. We doubt whether there will be any savings at all. If so, it will be insignificant and not have any impact on the budget. In fact, our opinion is that, in the long run, it will cost more.

Every interviewer in Social Security influences thousands of dollars. Cut them short, decrease the number of an already apparently overworked staff, and you increase the number of errors.

The proposal also fails to understand the significant considerations and special characteristics of older people and their particular needs and the emphasis in the environment. Speaker after speaker today has repeated the need for personal contact, a face-to-face contact, on the very personal matter between the interviewer and the applicant.

When you consider such facts as evaluating a person's ability to manage his money, evaluating whether he has presented the necessary documents, evaluating his other needs and helping them with other community resources.

My motto, sir, is let the staff work the computers, not the older people.

Then, too, the lack of transportation is one of our most serious problems in Oklahoma but particularly true in large rural areas. Also, older people have a higher percentage of handicaps and functional disabilities. The fastest growing segment of our population is 75 and older. In this group up to 40 percent will have some handicaps that will partially or fully immobilize them.

Now this kind of a reduction, from all we have heard, in the face of the fact that within 5 years, the population all Social Security works with will increase by 11 percent, up 4 million people.

We can agree that a review of the structure certainly would be in order, but we suggest that certain criteria be utilized; that which would accord with our philosophy of the dignity of people and that would contribute to an effective and efficient program.

We can see for example that at some point in time, one office with records in the State and other offices that interview—it would be necessary for them to have the supporting system. All the offices don't need records, and they all don't need clerks to handle those records.

We are, as I said earlier, tending to be constantly on the defensive as the administration proposes proposals that adversely affect our people.

Congressmen Jones, Watkins, and Synar, you are our hope for the protection of older people and all the people in this Nation.

Chairman JONES. Thank you, sir.

Mr. LAVICTOIRE. Let me comment on your question. We don't have figures of that sort, but we do have the spoken comments from older people who, for example, won't use the automatic bank tellers. They shy away from computers. I won't go near one.

[The prepared statement follows:]

STATEMENT OF UDELL LAVICTOIRE, OKLAHOMA CITY HEALTH ADVOCACY SERVICES STATE COORDINATOR, AMERICAN ASSOCIATION OF RETIRED PERSONS

Thank you Mr. Chairman. My name is Udell LaVictoire, from Oklahoma City. I am a member of AARP's National Legislative Council.

The American Association of Retired Persons (AARP) is a membership organization of over 18 million older Americans. We appreciate this opportunity to present our views on the subject of proposed Social Security Administration (SSA) staffing reductions and office closings.

We are concerned that the proposed steps could only work to undermine the American public's faith in the Social Security system. While the Congress recently responded to the Social Security financing dilemma with a measure intended to bolster and restore confidence in the Social Security system, the current proposals could lead the American public to question again the viability of the system. Current and future beneficiaries must know that they can count on a Social Security system that no only provides adequate financial benefits, but also provides a competent and effective means for the delivery of services.

Like the efforts to reduce the cost of living adjustments (COLAs) for Social Security beneficiaries, the proposals to reduce SSA staff and offices would have no impact upon our federal budget deficit problem. Social Security is financed through a dedicated trust fund, with payroll contributions earmarked for this fund. This system is solvent and intact. No effort must be made to weaken the structure for future generations nor for current beneficiaries. The COLA and SSA staffing/office reductions are inappropriate responses to the resolution of the current budget crisis, and would only serve to further undermine faith in the system.

It is AARP's belief that in this time of budgetary restraint and budgetary re-evaluation, the dollar savings which are to be accomplished by any proposed reductions must necessarily be counterbalanced by careful consideration of the effect such reductions will have upon the populations or programs which are served. It is our conviction that the harmful impact upon Social Security beneficiaries of the proposed staffing reductions and office closings, is so great, that we must oppose these proposals.

SAA administrative costs currently consume 1.5% of SSA's total budget. In spite of this, SAA's error rate is relatively small. A dramatic reduction in the administrative budget could cause a substantial increase in the error rate, thereby negating the possible savings that could be accomplished by such a reduction. We fail to recognize the need for such an administrative reduction if its likely effect will result in a net loss to SSA.

In 1985, SSA will be servicing the needs of some 36 million beneficiaries. This number is expected to increase by 11% between 1985 and 1990, when SSA will be servicing some 40 million beneficiaries. As the result of the increased demand that this growing beneficiary population will be placing upon SSA, consideration must now be given towards taking steps to accommodate the increasing needs of a growing beneficiary population, rather than cutting back on the availability of services which are now being offered to current beneficiaries.

The move over the past several years, however, has been in the opposite direction. SSA staff levels have been steadily reduced every year since 1977. During this period, the quality of SSA service has suffered a steady deterioration.

The Administration's proposal to cut SSA staffing by approximately 20% (roughly 17,000 employees) by 1990 further exacerbates this problem. Such a reduction in staff will only mean a further deterioration in the quality of SSA service to beneficiaries.

Our belief is that in order to improve the quality of SSA service and to keep up with an ever-increasing workload, more staff is needed. Any attempt to significantly reduce current staff would seriously damage the agency's operations and SSA's ability to respond to the needs of its constituent population.

We would also like to voice our very strong opposition to any effort to substantially diminish the current number of SSA offices. Rather than a reduction in the number of SSA offices, we feel that these offices ought to be expanded in order to better service the needs of Social Security beneficiaries.

As an organization of over 18 million members nationally, AARP is well aware of the current problems in SSA service delivery. For some, retirement can be a difficult experience, which is often worsened by an uncaring and insensitive federal bureaucracy. Efforts should be made to further personalize the relationship between beneficiaries and their government. This is unlikely to occur if an already undermanned and over-worked staff is asked to service an even greater caseload.

The 1,300 SSA offices have come about through very careful consideration of the service requirements of the beneficiary population. This system has developed gradually, over the course of the past 40 years. It stands as the reflection of SSA's past commitment to adapt to increasing service demands as well as to program expansions. Any effort now to cut these offices represents a serious retrenchment of the progress that has been made to date.

The current effort to reduce the number of SSA offices comes on the heels of significant reductions which have already been accomplished in SSA field activities. Since 1981, twenty Social Security offices have been closed. Another thirty-nine have been downgraded. In addition, 505 predominately rural communities no longer have regular visits by SSA personnel.

The present situation in the SSA offices warrants an improvement and expansion of the current delivery system. Even with the current 1,300 SSA office structure, serious problems persist. Many Social Security beneficiaries currently are forced to drive long distances in order to get to their "local" SSA office. Long lines—with attendant long waiting periods—are frequently encountered at the SSA offices as the result of the insufficient number of SSA staff to handle walk-in traffic. Huge backlogs in mail responses have also been experienced as the result of insufficient staffing.

These problems will only be magnified if any diminution of the current SSA offices structure were to be accomplished. For many of the nation's elderly and handicapped, the elimination of their local SSA office would create tremendous hardship. Many would find access to the office severely restricted due to travel-related concerns. While some would experience restricted access, still others (because of eye impairments, hearing problems, limited mobility, etc.) would find it virtually impossible to gain needed access to the re-located SSA office.

Even if a beneficiary could make it to the local SSA office, long waits—even longer than those currently being experienced—would be the order of the day. This would occur due to the increased workload that would be placed upon SSA staff as the result of the closing of some SSA offices. Still longer waits could be expected if SSA were successful in reducing the total number of employees who would be available to assist beneficiaries.

While considerable delays in mail rsponse have been experienced in the past, still longer delays could be expected as the result of the increased demands upon a potentially diminished SSA staff.

It is obvious from the foregoing discussion that either the reduction of current SSA staffing levels or the closing of a significant number of SSA offices would have a potentially devastating impact upon many Social Security beneficiaries. However, these proposals are compounded by SSA's current consideration of an additional proposal which would call for the elimination of all 34 of the agency's telephone service centers. It is our belief that these service centers are an extremely valuable tool to Social Security beneficiaries in the handling of routine questions and answers which do not necessitate a journey to the local SSA office. Therefore, we urge that these telephone service centers be kept intact.

SSA attempts to justify the above-mentioned proposed cuts as methods of streamlining the agency through increased computerization and centralization of activities. However, we agree with the General Accounting Office (GAO) in its basic premise that SSA's streamlining plans are "loosely based" and "based on no model for acceptable service delivery." Therefore, before such radical changes could even be seriously considered, they must first necessarily be based upon a realistic evaluation of the current delivery system, coupled with a detailed analysis of the potential harm that would be accomplished by implementation. This has not been done.

If, as SSA argues, the move is towards more streamlined procedures through automation, older Americans will lose if automation is destined to supplant personal attention. Many of the matters that are dealt with in the SSA offices require personal attention, and do not lend themselves to computer responses. For many of the nation's elderly, the opportunity to sit down, to discuss Social Security questions and problems with a real live human being, to arrive at a solution to the problem, and to understand that solution, makes all the difference in the world. This need for personal attention, coupled with a reluctance or inability to effectively operate computer terminals, necessitates the continuation of the current community based system of SSA offices.

In addition, SSA's objective appears to be the creation of a cnetralized agency organization, similar to the organizational structure of the Internal Revenue Service (IRS). However, while such an approach may work well for the IRS, it is inappropriate for SSA due to the nature of its mission. We share the belief that ideal service delivery is one which emphasizes immediate accessibility, where people come face-

to-face with the representatives of their government programs, and receive answers that are personal and direct.

In conclusion, it is our conviction that older Americans need greater—not more restricted—access to SSA staff and offices. To propose cutting SSA personnel by 20% and reducing the number of SSA offices by 50%, at a time when the beneficiary population is increasing by 11%, works against the achievement of this goal. It is our hope that this committee will do everything in its power to insure that this access is not in any way compromised.

Thank you for this opportunity to present the views of AARP.

STATEMENT OF IOLA CLAUSSEN, PAST COORDINATOR, TURLEY ADULT & NUTRITION SITE CENTER

Mrs. CLAUSSEN. I am one of those who do not use the banking system with my own checking.

I think I need to enhance my qualifications for being here. In addition to being a past coordinator of Turley Center, which was the first one to open under the Federal subsidy in the Tulsa area, I also am a past coordinator of Owasso Center.

Since I retired in 1979 at the age of 68, I have been a constant volunteer. I am associated with the Tulsa Coalition of Older People. I am an officer in the Central States Coalition on Aging, which is an advocacy group at the grassroots level. We are having a conference in Tulsa in October. I am local arrangements chairman for that. I am a consumer representative on a home care assessment team for the community services counsel. I am on—what else?

Well, anyway I am on various things, and I feel like I do represent the consumers of this area. I was involved in the Silver Haired Legislature, both as a representative and as a senator, so I learned a little bit about all the jobs there.

We are currently working on a Silver Haired Congress which I know Mr. Jones has heard about. I don't know about Mr. Watkins.

Mr. WATKINS. He would like to have some silver hair. [Laughter.]

Mrs. CLAUSSEN. Well, I will guarantee you, when we silver hairs get up there, these two in particular, we will show you how the cookie crumbles.

If you need some expert advice, you just call on us. Right, boys?

Mr. LAVICTOIRE. I have always objected to the term.

Mrs. CLAUSSEN. He doesn't like the silver hair. I don't mind at all.

Anyway you can tell--I will just use my written statement. I had no background information on this. I am opposed to the closing of these local offices personally.

You can tell from my questions that some of these things I did not know, but these questions have been answered. I shall proceed with them anyway.

Who is going to benefit? Do those salaries come out of Social Security? Yes. How many offices are we talking about? That has been answered.

Who will benefit at whose expense? How many more people will be on the unemployment rolls? Will there be repercussions or a backlash of criticism against the older people as in the past that we, the seniors, always want more?

You know, we have heard this always when we ask for more. I shall digress also on the COLA thing.

If Social Security COLA's are going to be reduced, then will all other COLA's be reduced to the same level, starting at the top, wherever that might be?

If this really does happen, COLA reduction, then I perceive President Reagan as being a liar. I voted for him. I was trying to be loyal to my party. I also voted for Mr. Jones. [Laughter.]

I expect you to be the watchdog to see that he keeps his promises. That is the reason we Republicans voted for a lot of Democrats. I am really not trying to be political. I am just telling it like it is. I had a fellow tell me yesterday,"I told you you voted wrong."

I said I was upset with President Reagan.

What will happen to the rural people of our Nation if these offices are closed down? More miles to travel to get to a main office with the lack of transportation facilities. Use the telephone? Telephone rates are getting higher. "Hold the line please. The lines are all busy right now."

Measured service for the low income. Will it help or cost more? How many more seniors will be pushed down below the poverty level with these COLA's.

I was under the impression that the Government had a contract with Social Security to deliver the services promised and that President Reagan himself said over public television,"Social Security is a payroll tax and has nothing to do whatsoever with the Federal deficit."

In my personal opinion. [Applause.]

I will take that bow on behalf of the consumer. My personal opinion is that the trust funds of Social Security should be administered by an independent business group accepted by bid and qualification.

I may be wrong in saying that, but I would like to see it out of the political arena if it could be administered better. [Applause.]

I appreciate Opal Crosser asking me to take her place. I appreciate the opportunity to be here. As we know legal services is under the cutoff list. As this attorney said, the attorneys aren't getting fully paid for what they are doing, and this is the reason that we feel like legal services is important to a great many of the older people.

Thank you.

Chairman JONES. Thank you very much.

Mr. Cramer.

STATEMENT OF CHARLES W. CRAMER, PRESIDENT, TULSA COALITION FOR OLDER PEOPLE

Mr. CRAMER. Why is it that I always have to follow Mrs. Claussen? [Laughter.]

The Tulsa Coalition for Older People is a nonprofit organization seeking to improve the conditions of life for older people. As president of the coalition and coordinator of the Owasso Senior Citizens Center and also an area representative for Senior Advocates and also in daily contact with many senior citizens, I feel qualified and justified in making some of the following observations for the committee.

Senior citizens in general recognize that the original intent of the Social Security Program was to supplement other retirement programs. However, many of the older retirees did not have the advantages of employer and employee retirement plans and along with the depressions and recessions and inflationary trends which brought about changes in the system to cover more financial assistance programs. Speaking for myself, I do not consider Social Security as a welfare program to be handled by the bureaucracy. It should be by an independent agency unrelated to Government political power groups seeking political gain.

President Reagan has stated that the Social Security Program is not the cause of this huge deficit they are trying to reduce and Social Security should therefore not be touched. We want him to keep his word.

By reducing the number of Social Security field offices and eliminating the personal touch, it will reduce the quality of service. As service to senior citizens should be kept on a one-to-one personal basis and not rely on computer talk. I have had experience in this too.

It can be very confusing and very often is very traumatic to the senior citizen seeking this information and assistance in time of need.

It would be very detrimental to seniors in rural areas where transportation is at a premium and very little of it. Also as it is now, many times we have to hold the phone for long periods, sometimes for an hour or more.

After the call was finally answered, the personnel there usually handle it in a very efficient way and they really feel a responsibility there to the seniors. We find few faults with the quality of service at the Tulsa field office.

I want to thank you for allowing me to be here.

Chairman JONES. Thank you, Mr. Cramer.

Mr. Ren Pope.

Mr. RIPPLE. He is not here.

Chairman JONES. OK.

Don Hagan.

Mr. HAGAN. Tom.

Chairman JONES. Tom. I am sorry.

STATEMENT OF TOM HAGAN, AARP ASSISTANT STATE DIRECTOR, TULSA, OK

Mr. HAGAN. I am not going to take much of anybody's time. I am pinch-hitting for Boyd Torrens, the State director. My name is Tom Hagan. I am the assistant State director for the Tulsa area.

It is a pleasure to be here. Nothing else that I can think of could be added to what has been very well said this morning.

I feel like it would be an imposition on everyone to add anything else.

Thank you very much.

Chairman JONES. Thank you.

Mr. TALLEY. I heard my name called a while ago, and I thought you knew something I didn't know.

Chairman JONES. No; I was reading off the list here. They said you weren't here.

STATEMENT OF BOYD TALLEY, PROGRAM MANAGER, TULSA AREA AGENCY ON AGING

Mr. TALLEY. I am Boyd Talley, program manager for the Tulsa Area Agency on Aging. I have been serving Tulsa, Creek, and Osage Counties for over 10 years.

I have access to a lot of the materials that have come from government offices and copies of the writeups in the Washington press and so forth. I am sure you are well aware of those comments.

I am about to join the older population as I will be eligible during the next 12 months to join them as an SSA recipient. In the work that I do we find that all people are afraid, particularly the old people, of change. In addition they certainly distrust the bureaucracy.

The population in general certainly has fear of loss of jobs, and that is a fact of politics, let's face it. It is also bad for the economy and bad for the community.

I see another threat in the chain of the proposed reduction of many of these offices particularly in the rural areas. I serve in two very rural counties. The distrust of the urban areas by the rural counties—we are faced with this all the time. The big town of Tulsa is trying to swallow us up and run our business for us.

I would see this as possibly being intensified. That distrust and lack of cooperation between rural areas might be intensified. Also, I have heard that only two-tenths of an error would wipe out any projected savings for the next 3 years. I think this is a pretty significant point to consider.

I am not knowledgeable about the internal workings of Social Security. I would like to followup a little on what Charley said. From our comments here in Tulsa we could only commend the leadership here in our Social Security office.

We have waits and issue like this, but the workers are very good and they respond very quickly to our requests.

In my associations around the State this is not always true as many of the complaints center around unsympathetic and untrained field representatives.

They know their facts, but they don't know how to be effective with people, particularly old people.

As I mentioned before we have had trouble getting errors corrected. I think that is one of the most frightening things; when the computer gets an error in the machine, it is almost impossible to get it out.

Personally I am a fan of technology. I am in favor of improving service delivery through the use of technology, but technology should not be an excuse for reducing services. With technology more services and more effective services should be able to be provided more efficiently, should be able to be provided with less costs.

If they can't do that, then I don't see any reason to pursue it.

I think change is inevitable. It will come. We can't stick our heads in the sand and do like they did in the coal industry years ago and did not recognize as the railroads also did not recognize

the eventuality of changes as we have seen in the private sector. I would hate to see the same thing happen to a social agency whose only product is service to the people.

I am not particularly concerned about the urban area. We are used to dealing with the Social Security office. I am not particularly concerned about the new retiree, who like myself, has experienced the system. I think I can work it through.

I am concerned about what the others have said about the handicapped or the confused person. I am concerned about the SSI recipient, and I am concerned about the older frail person who needs adjustments in their services.

Most of us that retire at 60 or 65 or 68 or whatever are still fairly active, and we can work through the system. At some point down the road, if services are not available then we can get lost. We get lost in the computer I guess.

I am also concerned with the rural, the isolated person who may be terrified of coming to the big city, particularly like coming to Tulsa. They won't do it. The fact is even in the suburban areas they don't want to come downtown.

I am concerned about the person with a language difference or a cultural difference that are in many of these areas in Oklahoma.

You have heard mentioned the increased workload. Just for an example just in our own area from the 1970 to 1980 census figures people age 60 and older increased by 22 percent, 65 and older increased by 31.4 percent and 75 and older increased 38.8 percent and the latest projections of population increases in these areas are even higher.

This increasing aging population will produce extra demands on the system. I think we need to be aware of that.

Being an area agency on aging we have a number of services that are supportive to older Americans through local funds the county and other agencies locally. We are concerned about the ability to provide services. If the Social Security offices are going to reduce, then I ask immediately, in my position, as an area agency on aging, how am I going to provide the extra outreach staff, the extra transportation services that will be needed to link older people to the Social Security offices.

If Bartlesville, Okmulgee, and Stillwater are closed, the area agencies would see an increased demand immediately for additional services. As you know well, Congressman, the Older Americans Act funds have been on a continuing resolution since 1980. Costs have gone up, and services have gone down.

Those resources are not there to provide the extra support to the Social Security office. I see nothing in any of the proposals that would address a number of these critical issues.

I think there needs to be an alternative plan to provide these services, additional telephone services, additional roving vans, or whatever, new strategies to be implemented to assure that those individuals are not denied services which they need and which they deserve.

Maybe we need to look at Social Security providing some outside contract services with those kind of services that we can provide. We have the legal assistance program, the transportation program

and perhaps we could fill the gap if we had a coordinated community effort along with the Federal sector and Social Security.

One other point that I would just simply mention. I have my own youngsters that are in the twenties and thirties. They are quite fatalistic.

They say "Social Security is not going to be around when I get there to retire." I hate that fatalistic attitude, and I simply tell them Social Security will be here.

If the system is going to be dismantled, I think that the action would be a further clue to our younger folks that Social Security will not survive.

I hate to see the negative attitudes reinforced with that kind of approach. In fact the insurance factor alone takes a tremendous debt off the families and communities—costs that local resources would be called on to shoulder if it wasn't there. This should be emphasized in a PR program in order to obtain intergenerational support for this most important service.

Thank you very much.

Chairman JONES. Thank you very much, Boyd. I want to underscore what you have just said. It is very disturbing to me to talk to people in their twenties, and thirties, and forties who have caught on to that same pessimistic outlook that Social Security won't be around for them. You add to that the constant fears of older people.

It is going to be around. I think if we break the basic social contract and basic commitment which as a country we have with our aging population, then we are not going to be the same kind of country, anyway. I don't think we are going to break that commitment. I think it will be around. I just wish I could communicate more effectively to young people that Social Security indeed will be around.

Mrs. Heard.

STATEMENT OF CHARLOTTE HEARD, DIRECTOR, AREAWIDE AGING AGENCY, INC.

Mrs. HEARD. I am the last; and believe me, it is going to be short.

Most of what I had to say has been said very well. I would certainly like to say that the old people that I visit with are for the most part very satisfied with the quality of care that they get from Social Security.

That doesn't mean that they don't become frustrated and hate the long waits and not being able to get in on the phone lines and so forth; but once they do have that invaluable face-to-face experience with the worker, they feel good about it and they get what they need.

We forget some other pluses of the system I believe that we haven't mentioned. The local Social Security office provides speakers whenever requested, it provides representation on numerous advisory counsels and boards, publisizes changes well in advance of their occurrence, works extremely well with State and area agency on aging, refers clients to other appropriate services, and this is one of the most important things that they do, and makes every

effort to educate the public to the facts and to disprove incorrect information.

The other point that I really wanted to make—and I think the OMB trial balloon will be properly rebuffed—but these are the kinds of things—reducing of staff and closing of offices—that simply erode the credibility of Social Security even further.

Social Security is not just something that provides people with their benefits, but it really has become an institution. We are constantly hacking away at it. It looks as though if we don't change that trend, that these young people that Boyd mentioned—and I couldn't reemphasize that enough, all the ones I talk with are convinced that they are not going to have any Social Security.

They just take that as a given. I feel that is one of the most serious consequences of hacking away at the system and not supporting it so its credibility is gradually being eroded.

That is really the most of what I had to say.

My last statement is that my feeling is that the Social Security Administration is delivering quality service despite huge barriers: an Administration intent on reducing benefits, and increasing age eligibility, and a population undecided about the future of the system.

[The prepared statement follows:]

STATEMENT OF CHARLOTTE HEARD, DIRECTOR, AREAWIDE AGING AGENCY, INC.

Our area agency on agency serves four counties—Oklahoma, Canadian, Cleveland and Logan. There are over 106,000 persons 60 and over in these counties.

The district Social Security office in Oklahoma City, in my opinion, provides an excellent quality of service, delivered notwithstanding the huge volume of activity in that office. To meet requirements in a timely fashion the staff must work effectively at all times, The various offices in Oklahoma must be accessible, and within a reasonable distance from all points. Phone lines must not always be busy. Office waiting times must not be unreasonable.

My continual questioning of older persons indicates that, in almost all cases, they were dealt with courteously and in as expeditious a manner as possible. My own husband who is permanently disabled has experienced workers going above and beyond to determine his exact status, let him know of changes, and explain details thoroughly. In the case of disabled beneficiaries the recent superficial process of decertification, and the subsequent requiring of recertification, was onerous and difficult. I understand that, when the review of these beneficiaries is continued, a more thorough process will be used.

The local social security office provides speakers whenever requested; provides representation on numerous advisory councils and boards; publicizes changes well in advance of their occurrence; works extremely well with state and area agencies on aging; refers clients to other appropriate services; and makes every effort to educate the public to the facts and to disprove incorrect information.

A recent example of exemplary coordination and effort was the excellent preliminary planning and action related to the taxation of social security.

Nationally the Social Security Administration prints the very helpful "Information Items", statistical data and continually updated and well distributed brochures on all aspects of retirement, survivors and disability benefits, SSI and Medicare.

In the extremely complex social security system, requiring eligibility documentation, continuous computerizing of new information and constant delays, social security workers in our area perform well. The administration's proposal to reduce staff and close field offices, at a time when the population is aging rapidly, is hard to understand. If these actions were taken the resulting confusion, errors and delays would cost far more than maintaining the present level of service. (When an expanded computer system at the local level can be implemented completely some staff reductions might be possible).

My experience tells me that older persons are not anxious about the way in which they are served at the social security offices, and by the social security system. They

know, once their checks start coming, they can rest easy, and will be notified of changes.

What they are anxious about is the proposed cancellation of the 1985 COLA, the proposed limitation on future COLAs, the proposed increase in Medicare Part B premiums, the proposed cap on Medicaid funds, the continual rhetoric of many that the system will never last, and the backlash of the young who are resentful of their payroll FICA deduction because they are sure they will never get it back.

Older people wonder if the 1983 social security reforms have truly made the system solvent. If it is solvent, and there are now adequate funds, why the COLA cancellation and the 2% limitation?

Rather than crippling the Social Security Administration with staff cutbacks and office closings, older persons as well as area agencies on aging believe that now is the time to re-emphasize the positive: the security in social security, its solvency, and its permanency. Surely workers who are contributing to the system need confidence in the system, just as they should understand the desirability of supplementing these retirement and disability benefits with other savings.

My feeling is that the Social Security Administration is delivering quality services despite huge barriers: an administration intent on reducing benefits and increasing age eligibility, and a population undecided about the future of the system.

Chairman JONES. I thank you very much.

Let me say all of you had very fine testimony. I was particularly intrigued by a recommendation which Mr. LaVictoire suggested on consolidation of records center in order to retain the personal contact, but you don't have to retain all the clerical help to process the records in each one of the field offices.

I think that deserves a great deal of merit and further attention.

Obviously, that would have to come along either in line with or after the computerization and modernization of the system. I think very much that we are going to have to be careful that we space these projects so we don't have the stories like we are hearing on the IRS right now, about the inability to adapt to this changeover in computerizing IRS records in the processing of claims.

I think that was a very good statement.

Two or three of you recommended an independent agency, or an independence of the Social Security Administration. There is legislation which has been introduced to make the Social Security Administration an independent agency, separate and apart from the status it now has.

We are going to hold hearings on that issue. I haven't made up my mind on that yet. There are some pluses to that. I am also reminded, however, in our daily contact with constituents here that the constituent who has a problem with a major auto company, for example, and tries to get service from them, they can say "buzz off."

I am also reminded of the independence of the postal corporation. When somebody has trouble with the postal corporation, I found out at one point that I was even breaking the law by even making an inquiry. If they want to tell you to buzz off, they can tell you to buzz off.

So while I recognize the frustration that you may have with the political ebb and flow of policy on Social Security, one thing which is true is that you can get by the scruff of the neck those who are elected to make that policy. If you make it so independent, you may never see the one who makes the policy, so we ought to consider both sides of that issue.

Mr. Ripple.

Mr. RIPPLE. If you talk about the error rate of the current group right now, I think it is pretty fantastic. I don't know of anyone in the commercial area that is doing any better.

Again, I don't think we are finding fault with the system itself. It is just the accessibility and the ability to be able to have the elderly get to the offices I think has been our large concern.

Again, talking with Udell, it was rumored that there were going to be computers in the shopping malls; and you could go in there and punch the computer. That scared the people to death.

As you heard about the use of the bank card, if they won't use the bank card, they are not going there. We say what are they going to do?

I think those are the big concerns. I certainly would urge you not to consider a private corporation type of thing because as you so aptly pointed out they could tell you to buzz off.

The inquiries that we count of the Congressmen to solve the problem where we can't get the answer there is no answer then.

Chairman JONES. Mr. Watkins.

Mr. WATKINS. Thank you, Mr. Chairman.

I made the same note that Congressman Jones made and as you have indicated. I would be very careful. You know, it sounds good. We have got to try to maintain some sort of responsibility out there and to get too independent sometimes will not allow that.

I don't think any of us want to go back to the times when the Congressmen used to appoint the postmasters and things like that. We have Civil Service and different groups that protect that.

Also when you have got a constituent that is down and out and really needs help, you would like for someone to respond not just tell you to buzz off. That is usually not what they tell me to do. [Laughter.]

I would like to again express my thanks. I have to leave for a meeting in my district, and it is going to take me about 45 minutes or so to drive there.

I want to thank Chairman Jim Jones for his genuine concern, sincerity, and commitment to try to provide a service to the senior citizens, the elderly, and those whom I know have some disability.

There are two or three facts here that I think are just astonishing to realize. What are we going to have to try to do to meet the needs of many of our people who paved the way for a lot of us?

I am from a rural area, and Jim, you made a comment that 60 percent of the people, the elderly in those areas, do not drive—I reflect on that, and realize that is so true. Many of the people in the area they go to a neighbor or someone and say, "Would you take me to the Social Security office?" or somewhere else maybe 25 or 30 miles away.

Usually they feel like they are infringing on a neighbor. I find many of our elderly don't want to do that, so they have a tendency to wait too long about going to the doctor or something like that.

Then usually they say, "Would you take me? I will buy you a tank of gas."

They always want to make sure they have paid their way. You know, a tank of gas is about $25. That is one-tenth of some of my people's Social Security checks. Just to try to get to the Social Security office.

We have got to try to do our best to get that service to the people, eye-to-eye, so they can have a feeling of knowing that that person has a genuine personal concern and maybe is able to assist them. I think that is why Chairman Jim Jones is having these meetings—to be able to look into the situation and see what you, as people out there that are depending on this type of service, feel about some of these recommendations that look to us like they have just been arbitrarily decided out of the sky by the administration, which has said we are going to slash this.

He makes a good point. Only 1½ percent of the costs of Social Security goes to its administration. That is pretty darn good in my opinion. We want to just continue to do what we can to provide services.

So, Jim, to you and the staff, I want to say thank you for allowing me to come up to Tulsa. I was a little bit nervous coming up here. If I hadn't come up here yesterday, I wouldn't have known my way.

I am always glad to come up to the big city of Tulsa to join you for these hearings. I want you to know that. [Applause.]

Chairman JONES. Thank you.

I would like to thank both Congressmen Watkins and Synar. I want to pay respects to the Social Security Subcommittee staff who have organized these hearings: Pat Dilley, Linda Robertson, Carol Currie, and Karen Worth. They have done a very good job.

I particularly want to single out Carol Currie who was down here in advance and did a marvelous job of arranging the hearing.

The only thing we regret is that we did not know there would be this much interest, and there would be this much of an overflow of the crowd.

To those who did not get into the auditoriun, I offer an apology. Someone suggested that we have another hearing and open it up to general comments. If there is a general interest in that, then I can assure you, we will have a hearing and I will conduct it so we can take testimony of anybody who wants to give it.

If anybody has any written comments they would like to submit, we would welcome having them.

We are going to have to close off the hearing. Do you have a comment?

VOICE. I would like to ask if the 2 percent has been frozen by the Senate and not passed by the House?

Chairman JONES. No. The 2 percent with regard to the COLA's that has been talked about is a part of the compromise package that President Reagan and the Republican leadership of the Senate agreed to. It has not gone through the Senate, but probably will be taken up in the Senate sometime this week or the following week.

In the House it will probably be handled on a different basis. There is a growing feeling in the House, to which I certainly subscribe, that anything that is done in a major way to reduce the deficit needs to be done in an across-the-board way, and not to ask any particular area in the budget or in society to sacrifice more than another area.

I think what one of the panelists mentioned is, how can the Pentagon's budget continue to grow in real terms and Social Security recipients' budget decline in real terms.

What we are looking at in the House is an across-the-board approach, so whatever limitations are put on, they will apply across the board.

VOICE. Would that mean if it did go into effect that if the consumer index would rise above that percent we would still only get 2 percent? Would we still only get 2 percent?

Chairman JONES. What this compromise package says is that you would get the first 2 percent of the inflation increase. That would be automatic. Then you wouldn't get another percent unless it exceeded 4 percent.

For example, let's assume the CPI rose 4 percent. The cost-of-living adjustment would be 2 percent. If the CPI rose 6 percent, the cost-of-living adjustment would be 4 percent.

In other words, you would have that 2 percent subtracted from anything in inflation that exceeds the first 2 percent.

VOICE. Thank you.

Chairman JONES. We are going to have to close it off.

VOICE. I would like to make two statements or two comments. One is I have received very satisfactory service from the local Social Security office here both by phone and by personal visits.

The phone waits have been minimal, and the waits in the office have been minimal.

My other comment is that I would like to see the same effort being done in Washington by the Reagan administration to get the moneys back from the General Dynamics and the Pratt & Whitney's and such as that. I am talking about $1.5 million just from General Dynamics alone. You wouldn't have to worry about the cost of living and a lot of these other cutbacks you are talking about.

Chairman JONES. Both are very valid comments. I appreciate having them. I will say that the fire is being lit on the collecting of the overpaid defense contractors.

Yes, ma'am.

VOICE. Mr. Jones, if we don't have anything written at this time, is it all right if we send something to Washington?

Chairman JONES. Yes; as a matter of fact if you would like to have a written comment included in the record, if you can send it either to my office or send it to the Social Security Subcommittee office. It would probably be easier just to send it to my office, but direct in those comments that they are for the Social Security Subcommittee and are to be included in the hearing.

VOICE. Do you have the number of the bill that has been introduced?

Ms. DILLEY. I think it is 869. Sorry, 825.

Chairman JONES. There are as many as 13,000 bills introduced.

Ms. CLAUSSEN. May I make this comment about your crowd. I was in Kansas City last week to a conference. One of the speakers made this remark: That the midwestern people are noted for going along with. They are easy people to deal with. They say, "OK, if this is what has to be done, we will go along with it even though we don't particularly like it."

I thought maybe the people would like to know that. We are beginning to back up on our hind heels and respond and find out that we can make some changes by participating in something like this.

Chairman JONES. Absolutely. I cannot thank all of you enough for your participation.

Do you have a statement or a question?

VOICE. Congressman Jones, I have got a statement. However, I will give it to you if you will grant me the priviledge of revising and extending my remarks the next time you come in?

Chairman JONES. Absolutely.

Thank you all very much. The hearing is adjourned.

[Whereupon, at 12:20 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

STATEMENT OF HON. BILL ALEXANDER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

I want to thank the Chairman and the Committee members for so kindly extending me the opportunity to testify today about possible changes in the Social Security Administration.

As the Committee is aware, recently the House Select Committee on Aging made public an internal Social Security Administration memo detailing proposed criteria for office closings and staff reductions. In the language of the bureaucracy, what was under study was a proposed "service delivery review methodology."

Apparently this review process was initiated by the Office of Management and Budget (OMB) in an effort to impose a reduction on administration costs in the SSA programs. OMB's aim was to seek approximately a twenty-one percent reduction in Social Security staff by 1990 and a reduction in administration costs of $535 million. To achieve this goal it would be necessary to close a large number of field offices and downgrade others—hence the need for the study to see just how these reductions might be attained.

Nationwide, we are looking at the loss of over 17,000 positions in the Social Security Administration and the closing of up to 281 field offices.

My purpose here today is to relate to you the impact these reductions would have on my district and the State of Arkansas, and to question whether these proposed reductions are well-conceived and cost effective.

Let me begin by stating that the programs administered by the Social Security Administration touch us all, either as taxpayers or recipients of benefits. But, quite obviously, these programs touch some much more dramatically than others: the elderly, the disabled.

As the Committee may or may not be aware, Arkansas in general and my district in particular, is highly rural.

My district is characterized by a high percentage of elderly citizens and only 4 percent having a college education. There is a very high incidence of disability and almost no access to public transportation. I have included here data from the 1980 U.S. Census about my own First District of Arkansas:

Population: 573, 551. Urban, 248,574; Rural, 324,977.

Education: With High School Degree, 48 percent; With College Degree, 4 percent.

Age: Under 5 years, 8 percent; 5 to 8 years, 24.7 percent; 19 to 64 years, 53.2 percent; 65 and over 13.9 percent.

If the criteria under study by the Social Security Administration were implemented, it appears as if four offices in the First District of Arkansas would be closed. Included here is a statistical profile of those four offices.

STATISTICAL PROFILE

	Full-time office since	Current staffing	Service area population (1980)	Number of beneficiaries		Fiscal year 1984 workload	
				Social Security	SSI	Claims	Other
Batesville	1966	23	101,928	29,089	3,319	3,387	34,150
Blytheville	1965	15	59,517	10,050	2,583	1,793	17,778
Helena	1950	16	34,772	7,098	2,385	1,752	17,763
West Memphis	1970	6	49,499	7,517	2,261	(1)	(1)

[1] Figures not available. On 4/1/84 the West Memphis Branch Office was converted to a Resident Station. Workload figures for the West Memphis are now included in the workload for the parent office at Forrest City.

The effect of cut-backs like these in a rural district such as mine can only be described in one word: devastating. In my estimation there would follow an immediate and dramatic reduction in services to those reliant on the Social Security Administration.

Programs such as SSI and Disability that require face to face interviews would be crippled. By closing these resident offices, many of my less educated constitutents, who can neither read nor write, would be denied the personal contact so vital in helping them complete the mass of bureaucratic forms. Senior citizens would be discouraged from seeking benefits that are rightfully theirs because of they lack the public transportation to get them to those more distant offices to seek their benefits.

In short, I feel that such action would create serious problems not only for the people of the First District of Arkansas but also for the nation's 28 million elderly Social Security beneficiaries.

Let me say that I understand the need to reduce inefficiency in government and I applaud and support any effort by this or any other administration to cut back on waste. But this effort to cut waste seems ill-conceived on several counts:

First, the Social Security Administration has already been in the process of streamlining its operations. In recent years three Arkansas branch offices have been reduced to resident station status. The reduction effort that prompts that meeting today did not come from any internal study or analysis by SSA, but rather from a directive from the top, from the OMB. Let me repeat: the OMB call for a reduction of 17,000 staff and possible closing of over 280 offices was based on absolutely no study or analysis of needs assessment for SSA. It was, so far as I can tell, purely arbitrary.

Studies that do exist, however, show that the Social Security Administration spends less that 1.5 percent of its outlays on administrative expenses.

Next, let me point out that at current staffing levels, the overpayment error rate stands at less than one half of one percent. An enormous reduction in staff will certainly increase this overpayment error rate and every percentage point increase will cost taxpayers more than $1.8 billion. Therefore, the proposed entire three years' savings brought about if these changes are implemented would be wiped out by a 0.2 percent increase in the overpayment rate.

Finally, the Social Security Administration implies that this staff cut is justified by its computer modernization program. However, SSA's own numbers show that the staff cuts due to computer modernization comprise less than one-third of their total reduction. In order to achieve a 21 percent reduction of staff by 1990, over 3600 employees will be cut in 1985 and 1986, and over 13,000 employees between 1987 and 1990. Reductions such as these are proposed when it is estimated that the number of SSA beneficiaries will increase by 11 percent between now and 1990 (from 36 million beneficiaries to 40 million).

Mr. Chairman, in light of all of the foregoing I can't help but see these proposed cuts as irrational and unjustified. The proposed cuts show a cold and callous disregard of the basic needs of the people the SSA is supposed to be serving. Moreover, I cannot help but speculate that the only motivation for these short-sighted administrative cuts is to cripple SSA's ability to do its job. It would not surprise me to hear the Administration use the administrative problems these cuts create as an excuse to dismantle the program and turn it over to private enterprise—certainly, I think, a fantasy our President has long entertained.

AMERICAN FEDERATION OF LABOR &
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, DC, April 15, 1985.

Hon. JAMES R. JONES,
Chairman, Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The AFL-CIO appreciates the opportunity to present our views to the Subcommittee on Social Security on the impact of the potential closing of hundreds of social security offices and a proposed 21% reduction in Social Security Administration (SSA) staff by 1990 as proposed by the President's 1986 budget. We also wish to convey our support for a separate Social Security Administration.

A personnel cut of 17,000 over 5 years would result in the closing of up to 281 SSA field offices across the country. Such a reduction when the number of beneficiaries is expected to increase by 11 percent—from 36 million beneficiaries in 1985 to 40 million by 1990—is unjustified and shortsighted. SSA has attempted to rationalize these cuts by implying that the SSA computer modernization program is the reason these cuts can be made. SSA's own numbers show that the computer project

would make possible less than one-third of the total staff reduction. Thus, the inevitable result of these cuts would be a reduction in the quality of public service and an adverse impact on beneficiaries.

Moreover, the end result could be an increase in costs. The overpayment error rate is less than half of one percent with current staffing levels. A massive personnel reduction is certain to increase this error rate. Since every percentage point increase in this rate costs taxpayers more than 1.8 billion dollars, the administration's proposed 3 year administrative savings would be totally wiped out by only .2 of a percent increase in the overpayment error rate.

Another matter which is of great concern to us relates to the integrity of the Social Security system. The Social Security system, which this year makes its fiftieth anniversary, is one of the nation's most successful achievements. In one way or another, Social Security affects the lives of almost every American family. For older Americans, the Social Security program is the foundation on which their economic security rests. The importance of this program to the nation makes it imperative that the financial integrity and non-political administration of the system be assured. In order to better accomplish this objective, the AFL–CIO urges that the Social Security Administration be made an independent, non-political agency separate from the Department of Health and Human Services as provided for in HR 825, a bill introduced by Congressman Jake Pickle.

It is not good public administration to have this totally important agency operated as a subordinate unit of an executive department of government. The Social Security Administration would operate more efficiently and better meet the needs of beneficiaries and contributors if it were not hampered by the many shifts in the administrative policy within the Department of Health and Human Services resulting from short run decisions. These decisions include revisions in staffing levels and changes in management philosophy that accompany the turnover of Health and Human Services Secretaries, Social Security Commissioners and their immediate staffs.

On the basis of priorities set by the Department of Health and Human Services of the Office of Management and Budget, SSA has been deprived of needed administrative resources. These agencies have forced upon the Social Security Administration unwise actions which it would not have undertaken if it has been free to pursue a course of action dictated only by the requirements of the Social Security program. The unfortunate experiences endured by tens of thousands of disability beneficiaries under the continuing disability investigation program due to strictures placed on SSA by HHS and OMB is a noteworthy and painful recent example.

SSA's excellent administrative reputation has been tarnished because of an antiquated, overtaxed computer system and by insufficient personnel. A recent General Accounting Office investigation showed the agency has an embarrassingly high error rate. An independent SSA would have been able to move quickly to modernize its computer capacity and thereby prevent such a situation from developing into the problem it has become.

Tens of thousands of beneficiaries who made social security contributions throughout their working lives have suffered unfair treatment or improper handling of their benefit claims. It is likely that many of these problems would not have arisen had the SSA been able to make independent decisions from the pressures of political appointees.

The AFL–CIO believes that the Social Security Administration must rigorously discharge its responsibility as a trustee for those who have built up benefits rights under the system. The program must be maintained apart from political influence or manipulation geared to the ups and downs of the budget and the political process. The AFL–CIO urges the Subcommittee to act to prevent the implementation of proposed SSA personnel cuts that will undermine the ability of SSA to effectively carry out its mission and to support an independent Social Security Administration so as to improve the operation of the program and to assure public confidence in the integrity of the system

Sincerely,

RAY DENISON,
Director, AFL–CIO Legislative Department.

STATEMENT OF HON. BILL GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, I commend you for your leadership in initiating these hearings on the delivery and quality of services furnished by the Social Security Administration (SSA), and I appreciate the opportunity to testify before the subcommittee today.

I am privileged to represent a Congressional District with a significant number of senior citizens. Therefore, ensuring that efficient, quality service is provided to Social Security recipents in one of my chief priorities. I must express my grave concern over recent reports that the Administration plans to downgrade or close numerous SSA offices. The President's FY 1986 budget proposals include plans to reduce SSA staff by 17,000 over the next five years while the SSA conducts a study of current field office structure and placement, the possibility of closing some field offices, and reducing personnel in others.

Specifically, I am profoundly concerned about a "draft plan" supposedly contained in internal SSA documents which lists specific SSA field offices to be downgraded or consolidated. This "hit list" referred to in several media reports mentions possible closings of 23 offices in New York State, of which 10 are in New York City. Three of these offices, Chinatown at 231 Grand Street; Lenox Hill at 133 East 58th Street; and Murray Hill at 475 Third Avenue are in my Congressional District.

Spokemen for the SSA responed to these reports that the agency is conducting a long-range study of its field offices and will make changes "where population shifts, demographic changes and technological improvements warrant change." They deny that any closings are imminent. Nonetheless, I would be remiss if I did not express my concern about these reports. While consolidation of some of the smaller offices in areas where there have been significant population shifts or other changes might be desirable, I am quite leery about the prospects for such changes being accomplished without disrupting service. For example, if either the Murray Hill or Lenox Hill offices in Manhattan were to be closed, only one SSA office would remain between the lower east side and 102nd Street, leaving quite a gap. Even in an urban area such as New York City, it is still difficult for many elderly citizens to travel long distances. I have always supported improvements to achieve "cost-effectiveness" in programs' administration. However, I believe the Administration may be over-zealous in its management improvement efforts at the expense of senior citizens. We must remember that the constituency served by the SSA is primarily elderly and disabled, and faces obstacles other citizens do not. This should be the administration's first consideration in reforming SSA field office operations.

Once again, I applaud the subcommittee's oversight efforts on this matter, and look forward to the information these hearings will yield. Thank you.

STATEMENT OF HON. JERRY HUCKABY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. Chairman, I think my voting record will show that I'm for trimming the Federal deficit as much as anyone. But I must vehemently oppose the two proposals before this committee; namely, the reduction in Social Security staff by 17,000 over the next 5 years, and the possible closing of many Social Security field offices.

I represent 20 parishes (counties) in Northeast Louisiana; one-third of the state geographically. My district, the 5th, is rural and one of the poorest areas of the Louisiana. Incomes are less than half the level of those in the state's major urban centers.

The largest city is Monroe with a population of about 58,000. The main social security office is located in Monroe with branch offices in Bastrop, 26 miles away, and Ruston, 30 miles away.

The Bastrop field office serves three parishes and has 15,000 recipients. The Ruston field office serves three parishes and has 17,000 recipients.

Because my district covers so much real estate, I also have a Social Security field office in Natchitoches. It operates under the Alexandria, LA, Social Security office. the Natchitoches field office serves three parishes within my district and has 15,000 recipients.

If I may be permitted to brag a little bit, the Monroe Social Security Office with its field offices in Bastrop and Ruston was just awarded the Regional Commissioner's High Achievement Award for the second straight year for outstanding service to Social Security recipients.

That's what it's all about, I believe. Service. Service to these people in need and receiving benefits through Social Security. And what we are talking about are people who are aged, disabled, or who have minor children and a home. To elimi-

nate these field offices would put a tremendous burden upon them to get to a Social Security office when the need arises.

In my district there is no public transportation to speak of, which means some of these people would have to find transportation for a trip which, in some cases, would require as much as 2 hours or more if these field offices are eliminated.

Additionally, I know that in my district, a successful effort was made to employ local people in these field offices, and they would, of course, be out of a job.

I can't imagine how we can eliminate these offices and their employees and still provide the necessary services to Social Security recipients out of one office using the same work force that is in place now. It just can't be done. You also face the prospect of having these aged and disabled persons travelling many miles over dangerous rural roads, then having to sit for hours in a Social Security office waiting for service because the work load is so heavy and there aren't enough employees to handle all the cases.

I just can't buy the administration's rationale, and I don't think it will ever sell. Cutting the services to the aged and disabled is not my kind of budget balancing. The savings will be minimal at best.

I'm all for efficiency in government, but let's not do it at the expense of the aged and disabled and other recipients of Social Security benefits. They need and deserve these Federal services.

I respectfully urge the committee to do everything within its power to protect our senior citizens by turning thumbs down on these proposals. It's our responsibility as their trusted servants at the Federal level to assure that they be protected.

BROOKDALE CENTER ON AGING OF HUNTER COLLEGE,
INSTITUTE ON LAW AND RIGHTS OF OLDER ADULTS,
New York, NY, April 1, 1985.

JOSEPH K. DOWLEY,
Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Washington, DC.

DEAR MR. DOWLEY: This statement is in response to the invitation in Press Release #2, March 21, 1985, with reference to the delivery and quality of public services furnished by the Social Security Administration. I shall restrict myself to the following written statement, and to comments concerning the quality of service and staffing reductions.

My name is Jacob Landers. I am one of the staff attorneys employed by the Institute on Law and Rights of Older Adults of the Brookdale Center on Aging of Hunter College, New York City. For the past two and a half years. I have dealt with the District Offices of SSA in New York City on almost a daily basis. Therefore, I can reasonably claim to be fairly well-informed about quality of service of the District Offices.

First, please understand that my comments should not be interpreted as a derogation of either the District Office personnel or of the Regional Office administrators. I have found them, as a group, to be hard-working and conscientious. Nevertheless, with the best will in the world, it has simply not been possible for them to keep abreast in timely fashion of the work to be done.

For example, much of my work deals with requests for reconsideration or waiver. With adequate personnel, there is no reason why such cases cannot be processed within a month or two. In practice, they take from three months to more than fifteen months.

Any one who has visited the District Offices in New York City can testify as to the large number of people invariably waiting many hours, from opening to closing, just to be heard. I can honestly say that I have never been in a District Office when there were fewer than a dozen waiting.

Under these conditions, I was shocked to learn that the FY 86 Budget proposed to reduce the SSA staff by 17,000 over the next five years. Any agency as large as SSA can surely improve the delivery of services by eliminating waste and improving administration; but the mere elimination of positions will surely have no result other than increased inefficiency and delays.

We approve of the service delivery assessment. Such evaluation, however, should precede any effort to cut existing staff. The present approach appears to be an effort more calculated to save money at the expense of the elderly than to improve efficiency.

Recently (January 28, 1985) the SSA issued a draft memorandum, signed by Nelson J. Sabatini, Acting Deputy Commissioner for Management and Assessment, which established criteria for the proposed reduction and downgrading of SSA of-

fices. The Select Committee on Aging of the U.S. House of Representatives, chaired by Edward R. Roybal, has estimated that 770 of SSA's 1340 offices could be closed or downgraded if these draft criteria were implemented.

Commenting on the criteria, Rep. Roybal stated, "It is outrageous that such a plan would not even take into consideration the fact that seniors would be forced to travel to other communities to resolve their social security problems. It is absolutely vital to provide a local office which is staffed with someone with whom seniors can discuss their problems."

Rep. Roybal has hit the nail right on the head. It is easy and painless for SSA to talk about having seniors travel about an hour. For many of the seniors in New York City, such a trip is extremely difficult, if not impossible. SSA appears to forget that seniors often find travel, especially in cities, both difficult and hazardous. When one takes into account the vagaries of the subway system and the unconscionable wait in SSA offices, SSA may be placing huge road blocks which will prevent seniors from exercising their rights.

We are strongly in favor of increasing operation efficiency and decreasing administrative expenses. But before changes are made, there must be a clear view of the unsatisfactory nature of the present situation, and the effect of change on the client population.

I wish to note, too, that over the years, SSA has paid lip service to the concept of outreach to the potential Supplementary Security Income (SSI) population. It is estimated that, at best, no more than two-thirds of those eligible for SSI have actually enrolled. Thus, there are about 2,000,000 Americans who should be in SSI who are not. Technically, it is claimed that every District Office has an "outreach" officer. In practice, the outreach efforts of SSA have been few and fumbling.

It is strongly recommended that SSA undertake a major outreach effort to reach all SSI eligibles.

In summary, then, we make the following recommendations:

1. A study should be made of staffing needs and operational efficiency of SSA offices. Such a study should certainly precede any effort to cut staff or offices. It is our belief that most SSA offices are understaffed.

2. Such evaluations should take into account the physical and psychological needs and limitations of seniors.

3. A major outreach effort should be undertaken to reach the eligible SSI population.

Respectfully submitted,

JACOB LANDERS, *Staff Attorney.*

STATEMENT OF HON. PAUL E. KANJORSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, members of the Subcommittee, I want to commend you for holding these excellent hearings on the delivery and quality of services provided by the Social Security Administration. The issues you are dealing with today are extremely important because they affect virtually every American family.

It should come as no surprise to anyone that the Social Security program is the most popular and universally respected of all government programs. One of the reasons it is so popular is because careful attention has been paid over the years to developing an extensive and efficient delivery system which is easily accessible to the average senior citizen, and which can effectively process the paperwork the system runs on. This delivery system, which reaches into thousands of towns and cities across our nation, has received bipartisan support from both Democrats and Republicans in the Congress and in the Executive Branch for several generations.

Today, for the first time, that bipartisan support for the Social Security delivery system has been jeopardized by an administration which seeks to cut the Social Security processing staff by 17,000 positions over five years. This is a 21% staff reduction and would lead to massive backlogs in case processing and a marked deterioration in the quality of service to our senior citizens. Ironically, this would happen at a time when demographers tell us that the demand for services will be growing because an increasing number of Americans will be eligible for Social Security benefits. Thus the administration will be cutting back services when they need to be expanded!

A secret Social Security memo written in January targets three Social Security offices in my Congressional District for outright closure, and a fourth for downgrading or closure. Senior citizens in the towns of Bloomsburg, Pittston and Shamokin

would no longer have access to any local Social Security office, and senior citizens in Hazleton would either lose their office, or have its services seriously reduced.

The future of the main Social Security office in Wilkes-Barre is also clouded as a result of administration foot-dragging over long overdue and badly needed expansion plans. A need for a larger office in Wilkes-Barre was documented nearly a decade ago yet today we are still waiting for the plan to get off the drawing board. Rather than moving ahead with the expansion plan, the administration is actually considering eliminating up to 1,000 data entry jobs at the Wilkes-Barre facility by contracting-out for services that have been reliably and professionally performed in Wilkes-Barre for years. Once again when the evidence shows that the administration should be expanding operations, it is doing just the opposite.

Mr. Chairman, senior citizens are among the most vulnerable of all Americans. They frequently do not have the physical ability, or money, to travel long distances to meet with Social Security caseworkers. They are also highly dependent on their monthly checks. They need a nearby office to resolve their Social Security problems.

I can tell you right now, Mr. Chairman, that there are senior citizens in Bloomsburg and Shamokin who couldn't arrange transportation across my District and who would live in deadly fear if their local Social Security offices were closed. They wouldn't know what to do, or who to turn to, if they had a problem. And to add insult to injury, if they were somehow able to make their way across the state to one of few remaining open Social Security offices, they would have to wait two or three times longer than they do today to obtain service because of the staff cutbacks.

I urge this Subcommittee, and the full Congress, to send the Administration a strong message not to tamper with or undermine the Social Security delivery system. Lets get the administration to spend half as much time figuring out how to improve the Social Security system, as it is currently spending trying to subvert it.

STATEMENT OF HON. MARILYN LLOYD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. Chairman and Members of the Committee, I appreciate this opportunity to submit for the record my apprehensions over the Administration's plan to cut the Social Security Administration's work force by 17,000 full time positions by 1990. This would amount to a 21% cut in staff, and could result in either closing or downgrading almost half of the local Social Security offices around the country, including 23 in the State of Tennessee.

As I understand the situation, this plan was developed—not by the Department of Health and Human Services or the Social Security Administration which has a responsibility to provide a public service to the nation's 36 million Social Security beneficiaries and 115 million Social Security taxpayers—but, rather, by the Office of Management and Budget, which is solely concerned with dollars and cents.

We, as representatives of the people, must be concerned with both the public service and budgetary implications of this plan, which, according to OMB, is based on the "assumption" of a significant improvement in computer operations and systems management. When asked about the reliability of this "assumption", Joseph L. Delfico of the General Accounting Office, testified, "Whether SSA can achieve a 21 percent cut in staff without any adverse impact on service to the public is not known . . .". In other words, the Administration is asking us to gamble on a plan, the consequences of which are unknown and unpredictable insofar as service to the public is concerned. Quite frankly, that is not a risk that I am willing to take.

My district offices in Chattanooga and Oak Ridge, Tennessee, spend a good deal of their time trying to help people resolve questions and problems about their Social Security benefits. These questions and problems are very important to those who depend upon Social Security for their survival. Equally important to them is having access to another human being who will be sensitive and responsive to their problems, some of which are computer-oriented. I don't know of anyone who has ever won an argument with a computer, and that is because the computer assumes the information it has is accurate and reliable, which as we know is not always the case. So, if a person knows or suspects that a mistake has been made on their claim, check, or earnings record, to whom are they going to appeal for help? As of now, they can call or visit their local Social Security office and request assistance in correcting any information that has been fed into, or omitted from, the computer. What happens when these offices are eliminated, as many of them would be, under the OMB plan? The mind boggles!

All we have to look at for a bizarre example of computer technology at its worst is what is happening to thousands of taxpayers under the IRS automation system. Here, as would be the case for Social Security, the agency converted from one computer system to another. In so doing, taxpayer records had to be converted to be compatible with the new system. What apparently happened, at least in the case of the Philadelphia IRS processing center, is that the conversion program itself was erroneous, and the consequences have been absolutely appalling. Taxpayers are receiving bills for taxes they do not owe. Others are receiving refunds that they do not deserve. Taxpayer returns are being lost or destroyed by IRS employees who claim they cannot meet the processing quotas that have been established by their superiors. Inquiries and complaints are being ignored. Enforcement agents are confiscating taxpayer assets or non-existent liabilities. The credibility of the IRS has been destroyed, along with any faith that the taxpayers may have had in the reliability of our federal income tax system.

I'm not suggesting that this will necessarily happen under the Social Security Administration's automation system—but what if it does? Who will accept responsibility for the outcome? OMB? The "Administration"? I somehow doubt it. Based on past experience, I have good reason to believe that the chickens will come home to roost, as they always do when things go wrong, with the Congress, or, in other words, my friends, with you and me. It would be well for us to imagine the worst possible scenario before we decide how we are going to respond to OMB's plan to substitute an untested and unproven automation system for 17,000 Social Security employees and half of the Social Security offices throughout the country. I know how I intend to respond, and I hope that a majority in Congress will join me in trying to prevent OMB from playing Russian roulette with our nation's Social Security beneficiaries and taxpayers.

STATEMENT OF LAWRENCE J. SMITH

Mr. Chairman, I appreciate being given this opportunity to express my concern about the Department of Health and Human Services' proposal to close or downgrade 770 Social Security offices nationwide and to reduce Social Security Administration (SSA) staff by 17,000 people in the next four years.

I feel that the Department of Health and Human Services (HHS) has handled this matter irresponsibly. Although SSA and HHS repeatedly have denied that a large scale assault on local social security offices is being contemplated, I believe that SSA's "Draft Service Delivery Methodology" memo that was circulated to SSA Regional Commissioners for comment and the memo by the Social Security Management Association (SSMA), which was prepared in response, provide convincing evidence that such a plan is indeed in the works.

The criteria used by this plan to determine which offices should be closed are totally inadequate. Social Security district offices have a unique client population. The decision to close an office should not be made solely because 1) there is another existing SS office within 25 miles and 2) the office has a staff of fewer than 16 people. Qualifying those criteria with the statement "unless other considerations are overriding" is not an adequate means of dealing with the special needs and requirements of social security recipients—particularly the elderly.

One of the offices which falls in the category of "offices most likely to be closed" is located in Hallandale, Florida and is absolutely essential to the area it serves. I visited this office several weeks ago and met with the regional director.

Hallandale has the oldest population in Broward County. The average age of its citizens is 64.9 years (1980 census). The advanced age of Hallandale's residents presents problems of:

1. Mobility (driving—limited bus service).
2. Hearing (Telephone use limited).
3. Ability to correspond.
4. Need for more personal services.
5. Need for ready access to social services.

Any planned changes in the Broward County Social Security system also must take into account the area's senior citizen population explosion. It is projected that 25% of Broward's population will be over age 75 by 1990. I am submitting as part of my testimony a package of information and statistics on the Hallandale office and the constituency it serves, prepared for me by the local Social Security Administration.

Let's imagine for a moment that HHS closes the Hallandale Social Security office. This office has a weekly average of 371 office visitors and has 13 employees. Its serv-

ice area covers Hallandale, Hollywood Beach and Dania. The office handled 25,300 SSA beneficiaries and 679 SSI beneficiaries in 1984. The average waiting time in the Hallandale office (according to an SSA office study) could be anywhere from 13 minutes to 2 hours.

Because of traffic considerations and lack of available public transportation, it is most likely that almost all of these beneficiaries would be to the Hollywood office, which services Davie, Hollywood, and Pembroke Pines. The next closest office is in Dade County. The Hollywood office has 37 employees and has a weekly average of 740-800 office visitors. The office handled 41,200 SSA beneficiaries and 1,687 SSI beneficiaries in 1984. The average waiting time in the Hollywood office is anywhere from 38 minutes to 2 hours.

There is not enough physical space at the Hollywood office to accommodate an additional 371 office visitors each week. The reception area is not large enough. In addition, the Hollywood office does not have room to handle a transfer of the Hallandale staff to their office.

From these statistics, it is clear that we would be putting an undue burden on our elderly if the Hallandale Social Security office were to be closed. They would be forced to spend almost an hour traveling to the office by public transportation. There is no way to determine how much the waiting time would increase at the Hollywood office from the current 38 minute average.

I am unconvinced by SSA and HHS arguments that increased efficiencies and new computers will make this plan work. The "Draft Service Delivery Methodology" memo cites the successful office closings of the past four years as evidence to support the plan. To the best of my knowledge, HHS has never evaluated the effects of these past office closings. I wonder at their ability to predict the results of this new proposal based on information that they have never gathered.

Another issue to be considered is the nationwide expansion of the HMO/Medicare program. The program, which contains multitudinous systemic and other flaws, as recently documented by the General Accounting Office, will require utilization of local social security offices to provide information and guidance to new enrollees. To propose closing down offices and cutting staff at a time when an important program recently has been brought on line is irresponsible.

In conclusion, I have yet to see one shred of evidence to indicate that it is now necessary and proper to reduce SSA staff by 21.3% and to reduce its office facilities by 57%. SAA's "Draft Service Delivery Methodology" is no less than an unprecedented, unwarranted, wholesale scrapping of the current social security local service delivery system. I urge the Committee to take action to ensure that the plan is never implemented.

HALLANDALE FL BRANCH OFFICE

STATISTICAL - DATA

FOR

FACILITIES REVIEW

IMPACT ON PUBLIC SERVICE

Hallandale --- Oldest Population in Broward County

* Avg Age --- 64.9 years --- (1980 Census)

Broward County --- Avg Age 39.2

Our Service Area Includes:

Dania	29.4%	Black
Hallandale	11.1%	Black

The second and third highest --- Broward County

* Social Security Beneficiary Age in Hallandale is in 70's.

Hallandale was 3rd oldest city in Florida behind only St. Petersburg and Miami Beach.

Advanced Age of Residents presents problems of:

1. Mobility (driving - limited bus service)
2. Hearing (Telephone use)
3. Ability to correspond
4. Need for more personal services
5. Ready access to Social Services

Senior Citizen Population Explosion

Broward County--- 25% over age 75 by 1990

DEPARTMENT OF HEALTH & HUMAN SERVICES — Social Security Administration

Refer to

HALLANDALE BRANCH OFFICE

LOCATION - 2500 E. Hallandale Beach Blvd., Room 605
(American Savings Bldg.)
(See attached map)

OFFICE HOURS - Monday - Friday 9:00 AM - 4:30 PM

PHONE 456-4305

BRANCH MANAGER Joe St. Pierre

OPERATIONS SUPERVISOR Ronnie Furman

SERVICING AREA - Hallandale (33009), Dania (33004)
Hollywood Beach (33019)

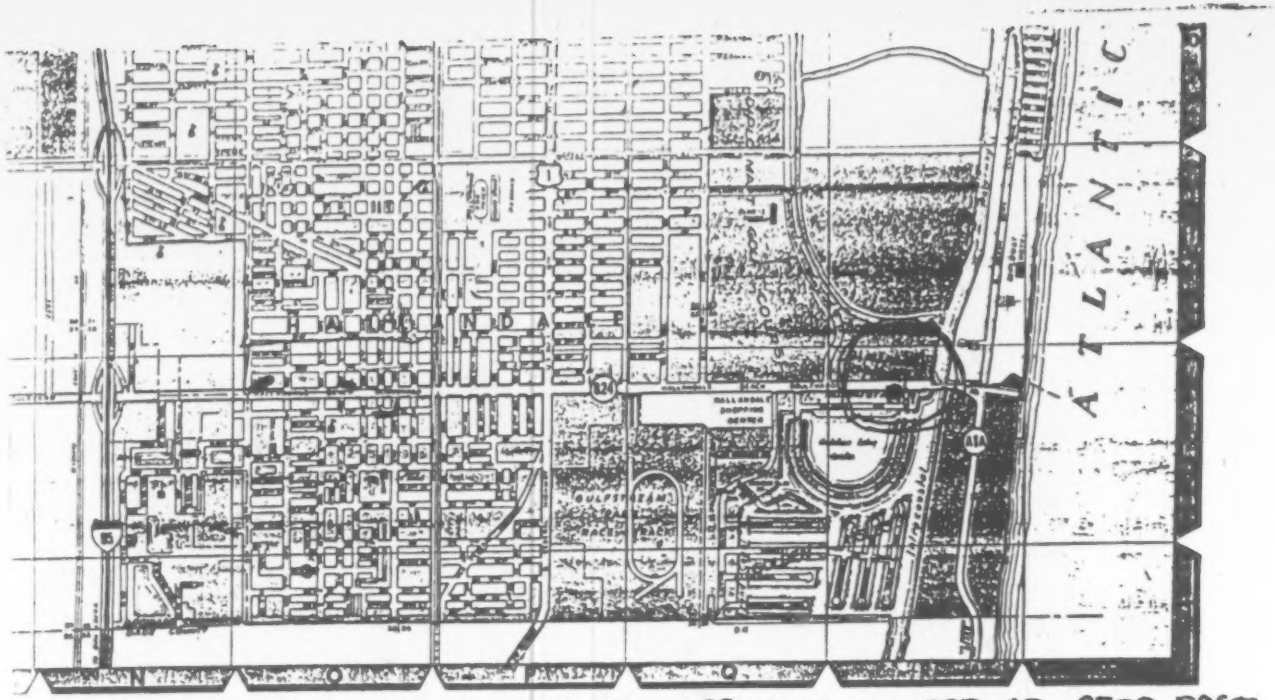
SOCIAL SECURITY BENEFICIARIES 25,300 + 10,000 WINTER RESIDENTS.

SUPPLEMENTAL SECURITY RECIPIENTS 679

We also have a Social Security Representative at
2 Contact Station locations:

1. Dania Chamber of Commerce (927-3378)
100 W. Dania Beach Blvd.
Dania Fl 33004
9:30 - 12:00 every Tuesday (2½ hours)

2. Hepburn Social Services Center (454-1925)
750 NW 8 Ave
Hallandale Fl 33009
9:30 - 12:00 every other Wednesday (2½ hours)



THE HALLANDALE SOCIAL SECURITY OFFICE IS LOCATED AT 2500 EAST HALLANDALE BEACH BLVD. IN ROOM 605. THE OFFICE IS IN THE AMERICAN SAVINGS BLDG. (A 9 STORY WHITE BLDG. ON THE SOUTH SIDE OF HALLANDALE BEACH BLVD.) THE OFFICE IS ONE BLOCK WEST OF THE INTRACOASTAL WATERWAY AND APPROX. ½ MILE EAST OF THE DIPLOMAT MALL SHOPPING CENTER. WE ARE ~~½~~ MILE EAST OF U.S. 1 ~~AND~~ ABOUT 2 BLOCKS WEST OF A1A.

PHONE # 456-4305

MAILING ADDRESS: PO BX 1245 HALLANDALE FL 33009

HALLANDALE BRANCH OFFICE

OPEN 1973 -

CURRENT STAFF 13
+ 2 Senior Community Employment Service
Part-time employees (20 hours)

SSA BENEFICIARIES - 25,300 as of 12/84

SSI BENEFICIARIES - 679 as of 12/84

SERVICE AREA - Hallandale, Hollywood Beach and Dania

IN OFFICE VISITORS:

WEEKLY AVERAGE - 329 (1984)

WEEKLY AVERAGE - 371 (1/85-2/85)

CLAIMS RECEIPTS:

1984 TOTAL - 2013 (167.7 Monthly)

1983 TOTAL - 1937 (161.4 Monthly)

there are the important statistics for Baltimore Region —

WORK UNITS:

1984 - 19,151 27% District Workload

1983 - 18.944 30% District Workload

Dist - Hywd + Hallandale -

HALLANDALE WORK PROFILE

(Social Security)

SSA Claims	36%
SSA Post Entitlement	48% — MEDICARE + LOST CHECKS - ADDRESS CHANGES
	84% SSA

(Supplemental Security Income)

SSI Claims	7%
SSI Post Entitlement	9%
	16% SSI

High Volume Work Items (F/Y 1984)

Claims	1,976
Earnings Reports i.e.(Annual Reports	1,117
Medicare	11,226 —
Assists	1,838
Social Security No.'s	2,574
SSA Pmts & Checks	5,058
Change of Address, Work, death etc. notices	4,484

and many other work items

Over 33,000 work actions in 1984 (fiscal year)

PUBLIC SERVICE ISSUES

A. Prompt and Accessible Service

1. Waiting Times
   Interviewing Times
   Client Travel Time to Facilities

2. Primary Mode of Service Delivery for the Area
   Face-to-Face
   Telephone
   Mail

B. Timeliness of Action

Time from Initial Contact to Completion of Action

C. Quality of Action

Quality of Work
Quality of Service Given(eg. uniformity, courtesy, helpfulness...)

FACILITIES REVIEW

Initial Screen Criteria

	SSA	SSI
BIF/RIFs (Beneficiary Population)	25,300	682

Avg. weekly Claims receipts 38

Avg. weekly Postentitlement receipts 510

Annual Work Units F/Y 84 - 19,152

W U P M Y F/Y 84 1352.5 OR 97.98% 10th/19 offices (S. FLA.)

Staffing AUTHORIZED - 12 ON DUTY - 13

Distance from nearest office HOLLYWOOD (9 MILES)

Toll-free telephone service YES

TYPES OF ACTION

1. Consolidations (Metro Areas)
2. Conversion of small branch offices to resident stations
3. Closing of small branch offices
4. Opening of new facilities
5. No change in existing office

Hollywood office - too small for expansion -

HALLANDALE INTERVIEW STATS.

MONTHLY AVERAGES (PER WEEK)

	1981	1982	1983	1984
JAN	307	350	397	390
FEB	322	387	413	361
MAR	313	352	430	378
APR	331	340	391	363
MAY	332	334	383	364
JUN	336	333	336	325
JUL	294	323	337	288
AUG	264	338	350	287
SEPT	283	312	308	273
OCT	270	377	320	330
NOV	307	344	322	300
DEC	315	300	330	294
TOTAL	3664	4092	4317	3953
	305.3	341	359.7	329.4

Highest in office traffic since 1975 (403.7)

1985
JAN 370
FEB 372

HALLANDALE CLAIMS RECORD

	1981		1982		1983	
	RECEIPTS	CLRS.	RECEIPTS	CLRS	RECEIPTS	CLR
JAN	207	186	172	203	158	150
FEB	204	180	166	137	191	171
MAR	199	255	152	157	177	207
APR	155	171	180	194	204	213
MAY	216	196	118	128	164	163
JUNE	145	164	124	114	145	144
JULY	227	213	153	159	163	166
AUG	129	139	141	123	129	144
SEPT	142	129	125	109	180	148
OCT	206	197	183	150	154	138
NOV	137	141	140	149	114	126
DEC	148	142	167	169	158	192
TOTAL	2115	2113	1821	1792	1937	1962
MONTHLY AVE.	176.2	176.0	151.7	149.3	161.4	163.5

	1984		1985	
	RECEIPTS	CLRS	RECEIPTS	CLRS
JAN	157	166	154	173
FEB	174	150	171	158
MAR	250	284		
APR	163	153		
MAY	136	134		
JUNE	196	186		
JULY	127	158		
AUG	162	174		
SEPT	163	120		
OCT	154	149		
NOV	184	174		
DEC.	147	162		
TOTAL	2013	2010		
MONTHLY AVE	167.7	167.5		

How Old is Hallandale?

That Is, How Old Are Its People?

Long after the April 1, 1980 Census Day, facts and figures about the census are beginning to filter through.

So it is, at long last, information is available on the age of Hallandale's residents.

The Median Age of Hallandale's Residents is 64.9 years.

Thats the highest median age of any community in Broward County. Next in line is Pembroke Park with a median of 60 years.

After that, there is a big gap down to Hollywood with its median of 43.2 years.

Following Hollywood, there are a batch of communities with medians in the range of 30.3 to 39.2 years.

The community with the lowest (youngest) median age is Carvel/Utopia, with a median of 27.6 years. However, that community if 85.4% black.

From there, the percentage of the black population drops down to 29.4% for Dania.

It is not surprising that Hallandale ranks third in the percentage of blacks in Hallandale, the black population is 11.7% of the City's total population.

Because there are more children per family; unit in the City's Northwest Quadrant, it appears likely that Hallandale's median age would have registered higer than the 64.9 age.

For Broward County, as a whole, its median age is 39.2 years. The County's black population is 11.1% of the total County-wide population.

said. She explained that the untime- problem, organizers said.

Broward's Older Population

City	Total pop.	% over 65
Coconut Creek	6,288	36
[illegible]	[illegible]	8
Coral Spring	37,349	7
[illegible]	[illegible]	20
Davie	20,877	7
[illegible]	[illegible]	[illegible]
Fort Lauderdale	163,279	19
[illegible]	[illegible]	[illegible]
Hallandale	36,480	50
[illegible]	[illegible]	[illegible]
Hollywood	121,323	25
[illegible]	[illegible]	[illegible]
Laud.-by-the-Sea	2,839	45
[illegible]	[illegible]	[illegible]
Lazy Lake	31	16
[illegible]	[illegible]	[illegible]
Margate	36,044	28
[illegible]	[illegible]	[illegible]
North Lauderdale	18,479	7
[illegible]	[illegible]	[illegible]
Parkland	845	4
[illegible]	[illegible]	[illegible]
Pembroke Pines	36,776	15
[illegible]	[illegible]	[illegible]
Pompano Beach	52,618	30
[illegible]	[illegible]	[illegible]
Sunrise	39,681	28
Tamarac	29,378	48
Wilton Manors	12,742	20
[illegible]	[illegible]	[illegible]

Source: Census Bureau, 1980

DISTRICT/BRANCH OFFICE: HALLANDALE FL | D.O. CODE: C38 | REGION: 002

DISTRICT OFFICE WORKLOAD REPORT SUMMARY

HOLLYWOOD FL | TOTAL STAFF: 13 | PERIOD ENDING: FY 1984

1 RIB APPS	2 RSDI WORKERS DEP APPS	3.	4 DIB APPS	5 DI WORKERS DEP APPS	6.	7 MI APPS RSDI	8 SSI AGED APPS	9 SSI FRONT END NOT CDR	10 SSI D/B APPS
RECEIPTS 821	RECEIPTS 818	RECEIPTS	RECEIPTS 270	RECEIPTS 19	RECEIPTS 1	RECEIPTS	RECEIPTS 71	RECEIPTS 10	RECEIPTS 100
CLEARED 823	CLEARED 820	CLEARED	CLEARED 283	CLEARED 18	CLEARED 1	CLEARED	CLEARED 74	CLEARED 10	CLEARED 106
PENDING 19	PENDING 9	PENDING	PENDING 43	PENDING 1	PENDING	PENDING	PENDING	PENDING	PENDING 38
11 RSDHI HEARINGS & APPEALS	12 RSDHI FRONT END NOT CDR	13 REP FARM EMP	14 RSDI SCHOOL PROG	15 RSDHI REP PAYEE	16 RSDI NON FECOI	17 SSI HEARINGS & APPEALS	18 MI WORKLOAD	19 SMI WORKLOAD	20 ASSISTS
RECEIPTS 52	RECEIPTS 48	RECEIPTS 1118	RECEIPTS 245	RECEIPTS 118	RECEIPTS 48	RECEIPTS 33	RECEIPTS 812	RECEIPTS 10408	RECEIPTS 1831
CLEARED 52	CLEARED 52	CLEARED 1117	CLEARED 248	CLEARED 118	CLEARED 42	CLEARED 32	CLEARED 817	CLEARED 10408	CLEARED 1838
PENDING 1	PENDING 1	PENDING 8	PENDING	PENDING 8	PENDING 8	PENDING 1	PENDING	PENDING	PENDING 7
21 RSDHI RECON	22 BP/SSI 22 POSTAL POSTS	23 EARNINGS DISCREPANCIES	24 SSI REP PAYEE	25 SSI NON FECOI	26 SSI APPEALS DECISIONS	27 RSDI APPEALS DECISIONS	28 SSI ROTAPS	29 SSI RECONS	30 CDR'S HRD
RECEIPTS 123	RECEIPTS	RECEIPTS 28	RECEIPTS 81	RECEIPTS 10	RECEIPTS 180	RECEIPTS 818	RECEIPTS 428	RECEIPTS 74	RECEIPTS 210
CLEARED 127	CLEARED	CLEARED 28	CLEARED 81	CLEARED 12	CLEARED 187	CLEARED 493	CLEARED 400	CLEARED 71	CLEARED 210
PENDING 11	PENDING	PENDING	PENDING 2	PENDING	PENDING 18	PENDING 31	PENDING 11	PENDING 11	PENDING
31	32	33	34	35	36 RSDHI SSI MI PEND OVER 30 217	37	38 MI FATARS RSDI CLEARED	39. 188	40. 2534
41 3	42. 5	43.	44 2634	45 38	46.	47.	48	49	50 SSA-4641 TIMED 188

51 SSI/COASTHELP CLMS 225	52.	53 FOOD STAMP APPS 2	54 FOOD STAMP RECEIPTS 5	55 SSI DP COLLECTION 114	56 RSDI DP COLLECTIONS 890	57 RSDI PMT & CYS 8058	58 BENEFIT ESTIMATES 709	59 BENEFIT VERIFICATIONS 838	
60 RSDHI INPUT CORR DISTR SALT CLMS 4484	61 FRONT-END CURTAILMENTS	62 FRONT END CLMS TO DDS 46	63 SSI PAY & CYS 128	64 SSI MANUAL PMT ACTIONS 30	65 WINDFALL OFFSET COMPUTATIONS 1	66	67	68 70 TSO MID RCPTS 88	69 78 SSA 28
70 TEL APPS RCPTS 281	71 FOOD STAMPS MISC 38	72 3	73	74 148	75	76	77.		2874

EMPLOYEES ASSIGNED

ADM 1	OS 1	OA	TR	GR GEN	CR 2	CSR/R 2	CRT	DRT 1	SR 3	CL 1	OC 1	RF	TOTAL 13

MAN-HOUR COMPUTATION

116 GROSS HOURS 29600	117 ANNUAL LEAVE 2304	118 SICK LEAVE 1267	119 HOL DY LEAVE 950	120 NET HOURS 22332	121 HOLIDAY WORK 849	122 OVERTIME PAID	123 TOTAL HOURS 22871	124 T.C. HOURS	125 UPWORD STROKE HRS
126 SICK HRS(+)	127 DETAIL HRS(+) 793	128 ANN HRS(+)	128 DETAIL HRS(+) 541	129 WOP HRS(+) 8	130 LWOP ADJUST 243	131 NON-PAYREG 129	132 NON-PAY HRS 2407	133 NON-TOUR HOURS(+)	134.

CLAIMS - 1976
EARNINGS ENFORCEMENT ANNUAL REPORTS - 1117
MEDICARE - 11,226
ASSISTS - 1838

SOCIAL SECURITY NUMBERS ISSUED - 2534
RSDI PAYMTS & CKS (RECOMPS) - 5058
COA, WORK, DEATH INPUTS - 4484
TOTAL ACTIONS - OVER 33,000

DATE PREPARED - 010285

WORKUNITS - 19,152 (1% INCREASE)

TABLE C.--SOCIAL SECURITY POPULATION 1/ AGE 65 AND OVER BY 5 YEAR AGE GROUPS AND SEX, DECEMBER 1980

STATE AND COUNTY	TOTAL	MEN	WOMEN	AGE 65 AND OVER						
				65-69	70-74	75-79	80-84	85-89	90-94	95 & OVER
FLORIDA	1514064	650510	863554	503979	430421	296590	169685	82534	25435	5420
ALACHUA	1088	456	612	383	301	196	109	49	18	4
BAKER	176	44	53	34	29	16	10	5	1	2
BAY	9019	3876	5143	3453	2564	1564	868	408	134	28
BRADFORD	1643	730	913	588	470	309	174	73	22	7
BREVARD	31828	14172	17656	12272	9219	5451	2891	1405	467	123
BROWARD	201966	87035	114931	66191	60234	41118	22315	9187	2498	423
CALHOUN	1111	496	615	392	327	200	117	58	15	2
CHARLOTTE	16061	7433	8628	5990	4814	2842	1507	681	198	29
CITRUS	13550	6670	6880	5221	4143	2391	1138	920	133	24
CLAY	4514	1947	2567	1495	1176	887	487	304	131	34
COLLIER	15064	7212	7852	5915	4622	2615	1211	309	154	38
COLUMBIA	3182	1398	1784	1174	891	552	331	166	59	9
DADE	200337	83810	116527	60762	53581	41582	26019	13618	3943	832
DE SOTO	2588	1203	1385	919	744	438	275	138	63	11
DIXIE	792	388	404	317	225	137	66	36	9	2
DUVAL	50883	19364	31519	18105	13793	9283	5604	2899	968	231
ESCAMBIA	18089	7268	10821	6725	5025	3251	1796	907	304	81
FLAGLER	1626	803	823	703	443	249	138	70	14	9
FRANKLIN	1169	485	684	356	311	233	163	84	21	3
GADSDEN	4041	1662	2379	1378	1058	784	438	264	94	25

1/ INCLUDES PERSONS IN NON-PAYMENT STATUS

BROOMALL, PA, *April 15, 1985.*

DEAR MR. DOWLEY: I am on s/s disability.

My local office is *always* swamped with people. There are not enough s/s personnel to handle the volume of people.

There is always at least a 2 hour wait even with a specific appointment.

Reduction of s/s staff would be terrible. Service is bad enough as it is.

Sincerely,

LEONARD D. WARREN II.

P.S.—Please do not reduce the COLA's.

STATEMENT OF GEORGE W. WYATT, TULSA, OK

There are not any "poor houses" anymore. There is no place for the retired or elderly to go. Many people that retire today could make it if all taxes and other rated utilities were frozen at age 65—date or retirement. We now have people legislated to the status of bridge people, park people, dock people, etc., by the city governments, State legislators, interstate commerce commissions and the Federal Government. Actions by these bodies has created disaster for people with small incomes. "The power to tax is the power to destroy." This is what is happening to many good people who have worked hard and saved all their lives. When the savings go—the respect goes. We do not need any more bridge people or dock people to be created by legislative or judicial process.

The national average for Social Security is $400 per month. Please show me how anyone can survive on $400 a month. The power to tax has taken RV's homes, food and clothing from the once respected hard working people. We do not have to have many of the fine things that some people want to tax us for. The Government taxes people to death and the Salvation Army and others are left to take care of them.

DEATH AND TAXES

Tax his cow, tax his goat,
Tax his pants, tax his coat.
Tax his crops, tax his work,
Tax his tie, tax his shirt.
Tax his chew, tax his smoke;
Teach him taxes are no joke.
Tax his tractor, tax his mule;
Teach him taxes are the rule.
Tax his oil, tax his gas;
Tax his notes, tax his cash.
If he hollers, tax him 'til
He's good and sore.
Tax his coffin, tax his grave;
Tax the sod in which he lays.
Put these words upon his tomb;
"Taxes drove me to my doom."
After he's gone he can't relax;
They'll still go after
Inheritance tax.—*From "Dear Abby—Anonymous."*

○